

THE COCA-COLA COMPANY ANNUAL REPORT 1988



Financial Highlights

(In millions except per share data)

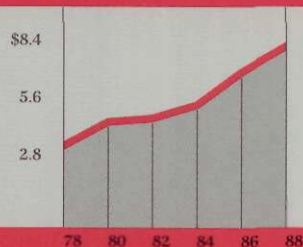
THE COCA-COLA COMPANY AND SUBSIDIARIES

Year Ended December 31,	1988	1987	Percent Change
Net operating revenues	\$8,337.8	\$7,658.3	8.9%
Operating income	\$1,598.3	\$1,323.8	20.7%
Income before income taxes	\$1,582.1	\$1,412.5	12.0%
Net income	\$1,044.7	\$ 916.1	14.0%
Preferred stock dividends	\$ 6.4	\$ —	—
Net income available to common shareholders	\$1,038.3	\$ 916.1	13.3%
Net income per common share	\$ 2.85	\$ 2.43	17.3%
Dividends per common share			
Cash	\$ 1.20	\$ 1.12	7.1%
In-kind	\$ —	\$.90	—
Average common shares outstanding	364.6	377.4	(3.4%)
Common shareholders' equity at year-end	\$3,045.3	\$3,187.2	(4.5%)
Net income available to common shareholders to average common shareholders' equity	33.3%	27.5%	
Closing market price per common share	\$ 44.63	\$ 38.13	17.0%

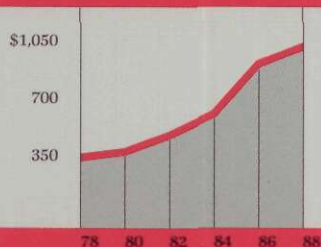
In 1987, operating income was reduced by provisions for restructured operations aggregating \$36 million. Also in 1987, income before income taxes included a gain of \$40 million resulting from the sale of stock by T.C.C. Beverages Ltd.

Financial data for 1987 has been restated to reflect consolidation of Coca-Cola Financial Corporation, a finance subsidiary previously reported under the equity method of accounting, due to adoption of FASB Statement No. 94 "Consolidation of All Majority-Owned Subsidiaries."

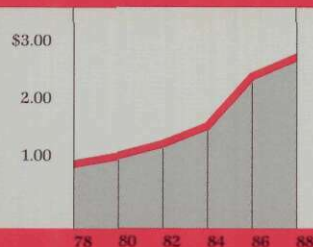
Net Operating Revenues
(Billions)



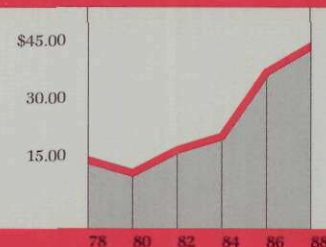
Income From Continuing Operations
(Millions)



Income Per Common Share From Continuing Operations



Closing Market Price Per Common Share



The Coca-Cola Company's two
unique and invaluable assets—our trademarks
and our worldwide system—make us the
world's only truly global soft drink company.
In 1988, more than 200 billion servings of our
soft drinks were sold worldwide. No other
company sold even half as much.



Letter To Shareholders

To Our Shareholders: Your Company begins business each day as the owner and steward of the world's best known, most admired and most valuable trademark—Coca-Cola. Every day, the global Coca-Cola system, the world's largest production and distribution network, delivers more than 559 million servings of refreshing soft drinks to thirsty consumers in more than 160 countries.

In the pages that follow, this annual report focuses on these two unique and invaluable assets, our trademarks and our system, and the ways in which they interact to strengthen each other.

The 1988 financial results of your Company demonstrate the power of these two assets. Perhaps the most significant of these year-end numbers is the more than 33 percent return on common shareholders' equity, unmistakable

evidence of momentum quantified by 7 percent growth in our world-wide soft drink volume.

Our operating cash flow again exceeded the \$1 billion level, reaching \$1.2 billion. Operating income increased 21 percent

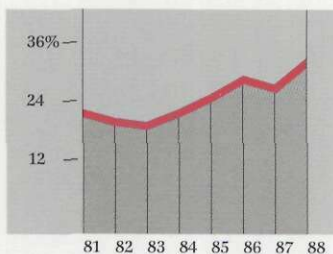
to \$1.6 billion, and net income available to owners of common stock grew 13 percent to \$1.04 billion, the first time we have earned more than \$1 billion at the bottom line. In 1988, your Coca-Cola common shares posted a total return—stock price appreciation plus dividends—of 22 percent. For 1989, our Directors have approved a 13.3 percent annual dividend increase, the largest in 12 years.

On a per-share basis in 1988, our aggressive share repurchase program heightened profit growth for the individual shareholder, as net income per common share climbed 17 percent to \$2.85. We are planning for continued growth in your equity.

On a competitive basis, our position as the world's only truly global soft drink company grew stronger. Our market share of the world's flavored, carbonated soft drink sales, excluding China and the Soviet Union, climbed to nearly 45 percent—an all-time high—reflecting the talent, diligence and dedication of our Company associates and the people of our worldwide system. We are indebted to all these men and women, as well as to the members of our Board of Directors for their advice, counsel and support.

Our commitment to you is clear—we will continue to add value and growth to that which is already valuable and profitably growing. We are grateful for your support and eagerly look forward to a new decade of opportunity.

Return on Common Shareholders' Equity
(Net Income Available to Common Shareholders to Average Common Shareholders' Equity)



Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer

Donald R. Keough
President and
Chief Operating Officer

February 16, 1989



*Roberto C. Goizueta, Chairman, Board of Directors,
and Chief Executive Officer (right) and Donald R. Keough, President and Chief Operating Officer.*

Assets, and Advantages,
Possessed by
No Other Enterprise

► In Mississippi, patients at a county hospital where Coca-Cola is unavailable refuse other soft drinks. Doctors write prescriptions for Coke to keep the patients happy. To resolve the crisis, hospital trustees declare Coca-Cola a "unique product," allowing the hospital to purchase it for all patients.

► In China, where new production facilities are under construction, shopkeepers and street vendors jockey for Coca-Cola as it comes off the bottling lines. During warm seasons, there is not enough product to satisfy the demand.

► In Malaysia, a merchant is offered \$3,000 by English tourists for a 40-year-old Coca-Cola vending machine he no longer uses. He declines to sell, asking, "What if it got smashed in transit?"

► Across the world, the news media cover and report the introduction of a new taste for Coke, and then the birth of Coca-Cola classic, not as business stories, but as stories of social significance.

Insert any other trademark, and these stories lose their credibility. In the context of Coca-Cola, however, they are unsurprising, familiar. *Everyone* knows people who are this passionate about Coca-Cola.

These stories, however, are merely examples of a broader, worldwide reality that can easily be taken for granted: Coca-Cola has become such a pervasive component of the environment that its absence can be far more noteworthy than its presence.



A Trademark "Off the Charts"

Perhaps the most direct measurement of the emotional attachment between Coca-Cola and its consumers is to be found in three independent worldwide surveys conducted in 1988 by Landor & Associates. The surveys went well beyond confirming Coca-Cola as the best known and most admired trademark in the world. They quantified the huge gap between Coca-Cola and all other brands: the

point spread between Coca-Cola and the second place trademark was greater than the spread between that runner-up and the 10th-ranked trademark. As a national business magazine noted in reporting the U.S. results, "Coca-Cola is so powerful it's practically off the charts."

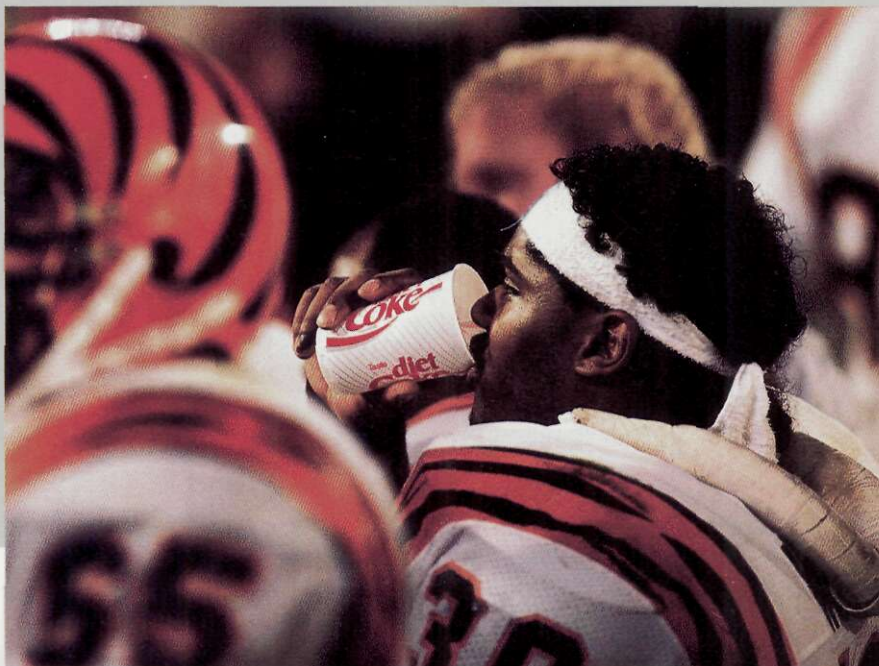
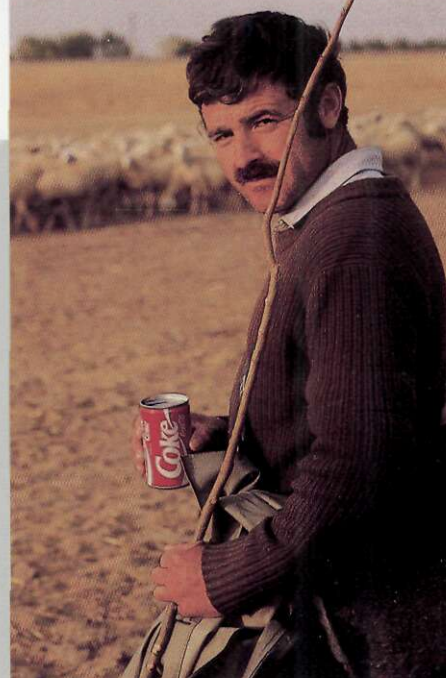
A Simple Formula on a Global Scale

The tremendous appeal of Coca-Cola provides us with much more than the comfortable pride natural to stewards of a great legacy. It provides us with an asset, and an advantage, possessed by no other enterprise, one that cannot be fully captured or conveyed on a balance sheet or income statement.

Despite its uniqueness, this asset must be nurtured like any other. It must be worked, protected, strengthened, refined and enhanced. The instrument necessary to accomplish this task is our second invaluable asset: the world-

wide production and distribution system for Coca-Cola and the people who make it function effectively. The worldwide Coca-Cola business system converts the universal human need for refreshment into consumer satisfaction and value. It is a simple formula applied on a global scale: provide a moment of refreshment for a very small amount of money—more than 559 million times a day.

The Coca-Cola system is truly global, permeating more than 160 countries. In each of these countries, we have strong local bottling partners who share our commitment



to our trademarks and our consumers. Each of our more than 1,000 bottlers brings local experience and influence to its soft drink market, applying global concepts with native expertise.

The System Strains and Sweats

Our worldwide system is not a proposal or a promise. It is real, the model to which our competitors can only aspire. It strains and sweats, putting our soft drinks on the streets, in the stores, in the restaurants and into the hands of the world's five billion people. And through aggressive, thoughtful investment, it is continuously



expanding its ability to place our soft drinks within "an arm's reach of desire." In Japan last year, for example, the system added 26,000 new vending machines to the more than 700,000 already in place; in the United States, it added more than 100,000. The system expanded in the Middle East, adding six countries and 16 million consumers.

More than anything, this system is dedicated people working long and hard to sell Coca-Cola, Sprite, Fanta and the other products of the Coca-Cola system. It is the father-son team of Ray and Colin Mazza who each week drive 7,000 kilometers through Australian wilderness, delivering Coca-Cola to isolated pockets of consumers. It is Valentine La Chica, a 73-year-old Filipino, who sells cold Coca-Cola for at least 12 hours every day, refusing to leave the marketplace until he has sold 50 cases. It is Indonesian entrepreneurs comb-

ing the densely populated streets of Jakarta with coolers mounted on pushcarts and tricycles. It is Moroccan salesmen like Ahmed Rhioui, Mohamed Zerouali and

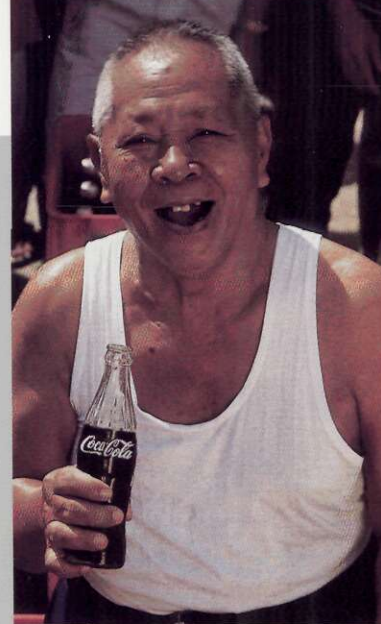


Larbi Lahgui loading donkeys with Coca-Cola for transport through the steep, narrow streets of Fez. It is business partners who have stimulated a tropical level of demand for our soft drinks above the Arctic Circle, where dealers use "warmers" instead of coolers to keep the product from freezing. It is a fountain sales team servicing a drive-in restaurant in Atlanta that sells nearly three *million* eight-ounce servings of Company soft drinks each year, more than any other single location in the world.

sells. We lead in fiercely competitive consumer markets like Australia, Germany and, of course, the United States, and our system continues to create a soft drink industry in developing markets.

Soft drinks are the fastest-growing beverage in the world, easily outpacing wine, beer, tea, milk and even tap water. We take responsibility for continuing this growth.

Market leadership in a growing, worldwide business creates financial strength and shareholder wealth. Based on our market value in early 1988, the Company was the 17th-largest publicly held U.S. company; by December 31, our market value had increased by \$1 billion, to more than \$15.8 billion. But size itself does not create value; profit-



able growth does. Our cash flow, earnings and rates of return have been enviable this last year and all this decade. *The worth of one share of Company stock has more than quadrupled since January 1, 1981.* Evaluated from any perspective and in any locale, The Coca-Cola Company is accelerating, growing profitably, building on the assets, and the advantages, that we alone possess.

Creating the Industry

This unique worldwide system has made The Coca-Cola Company the world's premier soft drink enterprise. Nearly 45 percent of all soft drinks sold around the world are products of this Company. That is more than double the number anyone else



The Year In Review

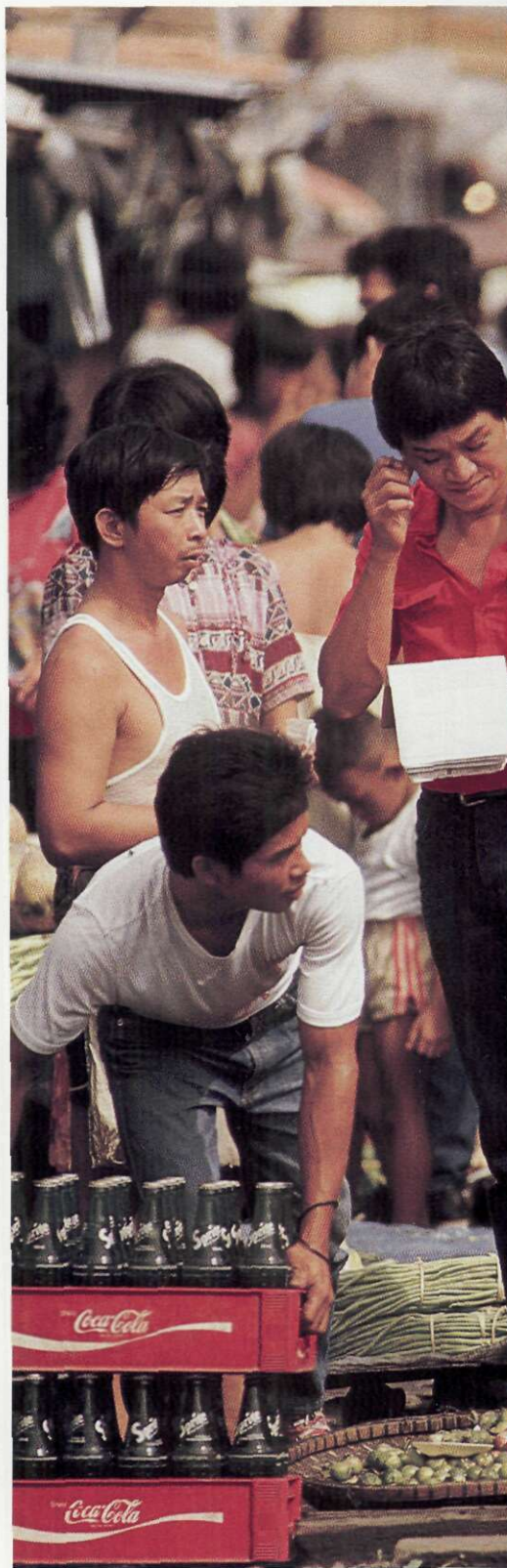
In 1988, The Coca-Cola Company continued to focus on its core business, the marketing of soft drinks. More than 90 percent of our 1988 operating income came from the sale of soft drink concentrates and syrups, the rewarding first step in a process profitable for all involved.

The simplicity of this business belies its unparalleled global scope: we market our products through the largest manufacturing and distribution system in the world. Last year, propelled by 7 percent growth in international volume, we earned more than 79 percent of our soft drink operating income outside the United States. International operating income increased 21 percent.

In the intensely competitive U.S. market, our soft drink business is a growing, profitable cash generator. Last year, operating income increased 9 percent on volume growth of 6 percent.

Throughout the world, our ongoing efforts to strengthen our bottling system were again characterized by selective, thoughtful investment and creative participation with our local bottlers. Through these activities, we added new muscle to our system in the United States and other important markets.

Also during the year, we further sharpened the focus of our foods sector on the orange juice business. Benefiting from a restructuring provision in the prior year, earnings from our foods operations grew 34 percent despite industry-wide volume declines in the frozen and chilled orange juice categories.





Railcarts, a simple but innovative way to reach new consumers, are used to distribute Coca-Cola in a Manila market.

International Soft Drinks

The Coca-Cola Company is an international soft drink company headquartered in the United States. We are the world's only global soft drink company; our international market share last year grew to 47 percent.

In many international markets, low per capita consumption rates for soft drinks offer obvious opportunity that is reinforced by demographic trends, economic development and the expanding reach of the mass media. Last year, international per capita consumption of Company products grew 5 percent to more than 51 drinks per year.

Our ongoing challenge is to allocate our people and resources in ways that make the most of this opportunity. Recognizing that the world had changed significantly since

our last international reorganization in 1976, we began 1989 with a new management structure that deploys additional resources where the opportunity is greatest. The change created four international operating groups to replace the previous three. Within the groups, we also created or recast several divisions.

The success of our operations and the relative strength of local currencies allowed us to make significant investments in the long-term prosperity of the business. These investments included assuming equity positions in bottling companies, fortifying soft drink infrastructures with new production and distribution equipment, expanding product availability through equipment placement and implementing aggressive marketing programs designed to enhance consumer regard for our products and trademarks.

Coke on Ice



Tromsø, Norway is 225 miles above the Arctic Circle, on roughly the same latitude as Barrow, Alaska, closer to the North Pole than to Frankfurt, Germany. Tromsø is also home to Mack Bottling Company, the world's northernmost soft drink bottling facility.

Far from being a symbolic frontier outpost, the Tromsø region is an exemplary performer, last year posting a



Company-products per capita of 195, higher even than Norway's average of 176. Next year, per capita consumption of Company products, in Tromsø and throughout Norway, should exceed 200, an impressive milestone that nevertheless pales in comparison to Iceland's 317, the highest in the world.

Though these results may surprise some observers, Tore Bu, Nordic Division president, sees them as the logical result of 50 years of effective marketing and hard work by the system. "Obviously," he says, "soft drinks are year-round beverages. Our strategy is simply to increase our share of our

consumers' daily liquid intake, whatever the season. Our bottling partners understand the competitive advantage

of our trademarks; for the most part, they have little interest in local brands." This commitment to Company brands is perhaps most evident in Norway, where Coca-Cola, Coke light and TAB hold the top three places in the cola segment, with a combined share of 87 percent.

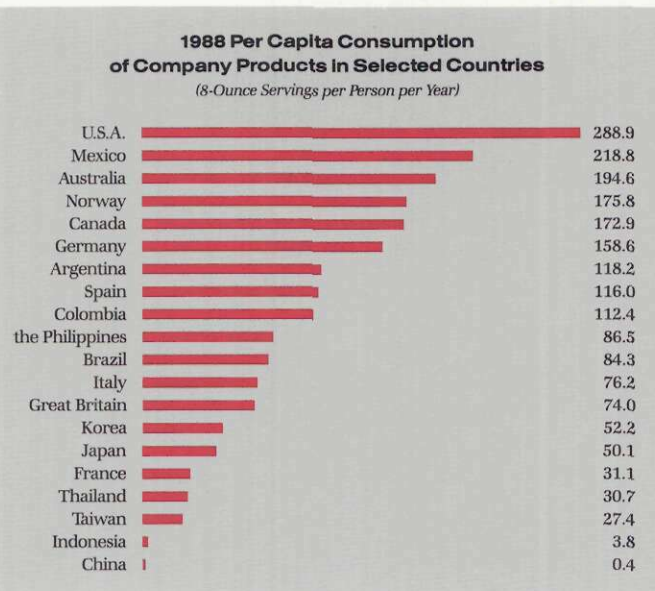


*Product moves through the icy fjords of Norway.
Norwegians will consume an average of more than 200 Company soft drinks in 1989.*

Coca-Cola European Community (EC) Group

Charged with addressing Europe's 12-country market, *Coca-Cola EC* is a new group responsible for countries already producing 16 percent of our worldwide soft drink volume; three of our 10 highest volume markets worldwide are EC nations. The 12 countries will become even more significant as economic barriers are removed, resulting in lower costs, and the deregulation of television broadcasting improves advertising effectiveness across the continent.

We also helped strengthen our bottling system's ability to serve large, consolidated customers. Our German bottlers have achieved substantial consolidation of their system, lowering their number to 64 from more than 100



in 1984. The resulting efficiencies have already had a positive impact, as volume climbed 11 percent in our largest European market.

France is also a market where our system is in transition. Bottling and canning rights in much of the country are reverting to the Company, allowing new management to market Coca-Cola more aggressively and to introduce Coca-Cola light. Led by 29 percent volume growth in the reclaimed Bordeaux, Vichy and Orleans territories, volume in France grew 14 percent. A new canning plant in Dunkirk and a beverage base plant in Signes, both now under construction, will improve efficiencies not only within France but for the entire European Community as well.

In the Netherlands, we engaged two highly successful Dutch soft drink companies in a production and distribu-

tion joint venture for key areas of the country, including Amsterdam, Rotterdam and The Hague. Volume grew 11 percent in 1988, and an evolving cohesive bottling system will continue to build on our leadership position. In Belgium, we took the first step in encouraging system consolidation there by purchasing the Brugge territory bottler.

The Pacific Group

We are most optimistic about growth potential throughout Asia and the Pacific. Matching resources to opportunity, four divisions were created out of an existing three.

With warm climates, bustling economies and young, growing populations, countries in the new Southeast and West Asia Division epitomize the Pacific Basin's fertile soft drink potential. Expanded availability led to a 21 percent

Lining Up in China



In Xiamen, a seaport on China's southern coast, people line up each morning outside the local Coca-Cola bottler, waiting to pick up product to sell at their stores, restaurants or stands. They show up early, making sure they are able to fill their bicycle sidecars or small pickup trucks before the day's production is gone.

The story is the same for the other Chinese Coca-Cola



bottling operations, except that bigger trucks dominate the lines in larger cities like Beijing and Shanghai. No matter what vehicles it is being loaded onto, Coca-Cola sells in China until it sells out.

Coca-Cola sells out despite a rapid expansion of the bottler system in a country that has just recently begun to open

its doors. With three different Chinese partners, eight Coca-Cola bottling and canning plants have been opened. Three more operations are scheduled to come on line in 1989, and the total is expected to climb to more than 20 in the next few years. Demand will exceed supply for several years.

A newly opened concen-

trate manufacturing plant in Shanghai is helping to close the gap. "The opening of this facility allows us to sell concentrate to our bottling partners in Renminbi, the local currency," says Coca-Cola China Limited managing director R. Fenton-May. "This saves precious foreign exchange credit, which can now be used in building our system infrastructure."



*The Company's fifth-largest market by volume,
Germany exemplifies the system's strength in the European Community.*

volume gain in Indonesia. (See "Cooling the Equator" on page 15.) In Thailand, an extensive equipment placement program helped spur a 22 percent volume increase. In a first step toward reaching more than 800 million new consumers, we applied with the Indian government to reenter that country.

In the North Pacific, Japan remained vitally important to our enterprise. A unified bottling network invigorated the carbonated soft drink segment, spurring overall volume growth of 7 percent.

In the Central Pacific, the Philippines reported a 9 percent volume increase, continuing a record of strong growth that began with the creation of our first bottling joint venture in 1981. We also opened a concentrate production plant in Shanghai, significantly improving our ability to supply our bottlers in the People's Republic of China. (See "Lining Up in China" on page 12.)

In the south, volume in Australia grew 25 percent. From north to south, from developed markets to those that are just emerging, Asian and Pacific soft drink markets will continue to rank among our highest priorities.

The Northeast Europe/Africa (NEA) Group

Our new NEA Group covers a wide range of countries representing nearly every stage of market development.

1988 vs. 1987 Volume in Selected Countries

(Percent Change in Gallon Shipments)

U.S.A.	6.1	Brazil	(5.9)
Mexico	11.1	Italy	12.1
Australia	25.2	Great Britain	12.2
Norway	9.4	Korea	19.6
Canada	6.2	Japan	7.0
Germany	11.0	France	14.0
Argentina	(23.5)	Thailand	22.0
Spain	12.4	Taiwan	64.1
Colombia	4.8	Indonesia	20.8
the Philippines	9.3	China	33.4



Pushcarts in Jakarta typify the system's use of inexpensive equipment to expand availability in Asia.

Responsible for Africa, the Middle East and all European nations not included in the European Community, the NEA Group faces a myriad of opportunities and challenges.

In the Nordic countries, the task is to support expanded product availability with assertive marketing. These tactics led Norway and Sweden to 9 percent and 17 percent volume gains. (See "Coke on Ice" on page 10.)

The tightly regulated economies of Eastern Europe and the Soviet Union remain attractive long-term soft drink markets. Counter-trade programs and ongoing work with local governments and our bottling partners are helping to establish the soft drink infrastructures necessary for future growth. Low consumer purchasing power remains the primary obstacle in Africa, where Nigeria, a major market, experienced 38 percent volume growth.

In the Middle East, new opportunities unfolded, as Coca-Cola became available in Saudi Arabia, Oman, Kuwait

and three other countries where Company products had been absent for many years.

The Latin America Group

Our Latin America Group initiated two major changes in 1988, realigning its people and organization in January and later altering its pricing strategy. The group moved to increase operating margins in order to fund increased investment in long-term market development.

Already the Company's second-largest market by volume, Mexico posted 11 percent volume growth, along with substantial operating income and market share increases. (See "Narrow Road to a Wide Open Market" on page 16.) Argentina and Brazil offered tougher economic climates, as triple-digit inflation severely damaged consumer purchasing power. Volume and operating income declined in both markets.

A 25 percent volume increase in Chile reflects the relative strength of the local economy and the vigor of our system there. Such performance confirms the tremendous importance we attach to continued development of our business throughout Latin America.

Coca-Cola Ltd. (Canada)

Our Canadian business, which operates as part of our North America Soft Drink Business Sector, shares many market characteristics with our U.S. operations. Substantial market share gains in Canadian foodstores helped our total volume grow 6 percent in the country.

Much of this growth was generated by an assertive bottling system led by T.C.C. Beverages Ltd., which is 49 percent-owned by The Coca-Cola Company and 51 percent

publicly held. In its first full year of existence, the company, which serves more than 74 percent of Canadian consumers, continued to develop efficiencies and strengthen its marketing programs.

International Post-Mix

Throughout the world, we have placed an increased emphasis on using post-mix (fountain) to generate volume growth. This distribution channel's inherent cost efficiencies make our products more affordable in emerging markets, while its flexibility provides an effective means of increasing availability in more developed markets.

Even with a 9 percent volume increase in 1988 and a double-digit average annual growth rate for the last 13 years, post-mix is in its infancy internationally, still

Cooling the Equator



It doesn't get hot in Indonesia. It stays hot. Straddling the equator, the island nation bathes its 168 million people in humid, unrelenting heat.

Since 1985, the Coca-Cola system in Indonesia has been working to convert this ultimate soft drink climate into the ultimate soft drink market. It is doing so with a piece of equipment



that costs approximately \$30, a locally produced plastic cooler.

Stationed outside small stores or mounted on push-carts, the coolers have increased the availability of Coca-Cola exponentially. More than 55,000 coolers have been deployed since 1985, and an

estimated 225,000 are scheduled to be placed by 1993.

The coolers are as effective as they are simple. Per capita consumption of Company products has doubled to nearly four drinks per year since 1985. The Company's Indonesian offices expect the

level will jump to 10 drinks per year by 1993, when the total number of Coca-Cola retail dealers will have grown to

400,000. These numbers offer a microcosm of our opportunity in the Pacific: within four years, we expect to sell at least an additional 1.2 billion servings of Company products annually in Indonesia.

accounting for only 5 percent of our international volume, up from 3 percent in 1980.

By emphasizing this distribution channel throughout our system, we intend to significantly increase its growth rate in the coming years.

Coca-Cola USA

In 1988, Coca-Cola USA accelerated its evolution as a marketing-oriented operation while forging a 5 percent gain in case sales.

Working with larger, streamlined bottling partners and a uniquely effective fountain-wholesaler network, our flagship division continues to serve as a model market for our international operations. Accounting for more than 40 percent of all soft drinks sold in the United States last year,

the Coca-Cola business system is the unquestioned leader in every U.S. soft drink distribution channel.

In recent years, consolidation has swept through the entire U.S. soft drink industry, including suppliers, bottlers and customers. With the emergence of several large, efficient bottling units, Coca-Cola USA no longer needs to assist an extensive network of bottling partners in production, procurement and other operational functions. Instead, it now focuses on identifying and fulfilling the desires of consumers. While powerful bottling operations like Coca-Cola Enterprises, Johnston Coca-Cola Bottling Group, Inc. and Coca-Cola Bottling Co. Consolidated concentrate on maximizing production and distribution efficiencies, Coca-Cola USA applies itself to serving, exciting and moving consumers.

Narrow Road to a Wide Open Market



How do you get your product to valued downtown customers when traffic regulations won't allow your route trucks access during business hours? If you're Planta Vallarta, one of two Coca-Cola bottling plants in Guadalajara, Mexico, you establish a network of mini-warehouses from which motorized pushcarts deliver the product to customers along



the city's narrow, sloping, congested streets.

"We dispatch two carts from each of our 28 mini-warehouses to deliver Coke, diet Coke, Sprite and Fanta to stores, restaurants, schools, even individual residents in the downtown area," says Jaime F. de Brasdefer, Guadalajara general manager. "In this way,

each warehouse can call on about 75 accounts daily."

Blessed with a warm, clear climate, Guadalajara, Mexico's second-largest city, last year recorded an overall per capita soft drink consumption rate of 576. With the help of the pushcart delivery system, Company products accounted for 57 percent of this consumption,

and 75 percent of the cola segment.

The system throughout Mexico, the Company's second-largest

market by volume, is not far behind. Last year, per capita consumption of Company products reached 219, a 9 percent increase over 1987, while the Company's share of the cola segment climbed to nearly 74 percent.



Big-event marketing, including the Super Bowl, spurred 13 percent growth for diet Coke in the United States.

This intense marketing emphasis fostered healthy growth for Coca-Cola USA's top brands in 1988. Diet Coke, yet to encounter limits to its growth since its 1982 introduction, again led the gains, with shipments increasing 13 percent. Coca-Cola classic, America's best-selling soft drink, strengthened its leadership position with a 7 percent shipment increase. Shipments of Sprite, the nation's

and the world's top lemon-lime soft drink, climbed 7 percent.

In the important U.S. fountain arena, serving consumers also means serving customers. Superior customer service and aggressive promotions added to Coca-Cola USA's fountain leadership, securing 10,000 net new accounts and generating a 4 percent volume gain.

In supplying our bottling partners, we continued to convert our system from soft drink syrup to soft drink concentrate, which is significantly less expensive to transport. In 1988, more than 89 percent of Company soft drinks sold in the United States were made from concentrate.

SOFT DRINKS BUSINESS SECTOR

Net Operating Revenues
(Millions)

Operating Income
(Millions)



Coca-Cola Foods

Our foods business has long been the preeminent citrus producer and marketer in the United States and Canada. More than 59 percent of the division's revenues were



Volume for America's best-selling soft drink, Coca-Cola classic, grew 7 percent in 1988.

generated by products bearing the Minute Maid name, primarily orange juice.

In 1988, we sharpened the focus of our Foods Business Sector on the juice business. We did this through both acquisition and divestiture, purchasing an established citrus foodservice supplier in Florida and agreeing to sell our coffee operations.

Continued volatile orange prices produced high retail juice prices and soft consumer demand, leading to a second consecutive year of industry-wide volume declines. In addition, consumer demand continued to shift from frozen concentrate, the traditional stronghold of our Minute Maid brand, to chilled, ready-to-serve juice.

We are addressing these changes in the marketplace. In several large eastern markets, we introduced Minute Maid Premium Choice orange juice, a juice that does not go through the evaporative process used by other chilled

and frozen concentrated juices. Perceived by consumers to be closer to fresh-squeezed orange juice, Premium Choice has carved out significant shares of those markets where it has been introduced.

The introduction helped Minute Maid brands increase their share of the total chilled orange juice segment to more than 23 percent at year-end.

FOODS BUSINESS SECTOR

Net Operating Revenues (Millions)

Operating Income (Millions)



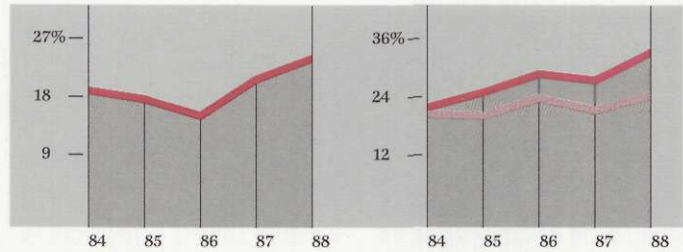
Financial Activity

With a cash flow of \$1.2 billion and an enviably strong balance sheet, we continued to use our financial resources to maximize the value of our enterprise.

Most notable among these efforts was our ongoing share repurchase program, in which we acquired 19.0 million shares of our common stock during the year. Authorized by our Board of Directors to purchase up to 40 million shares through 1990, we thus far have acquired a total of 25.6 million shares. We will continue to pursue this program as long as investing in our own stock remains one of the best uses of our excess cash.

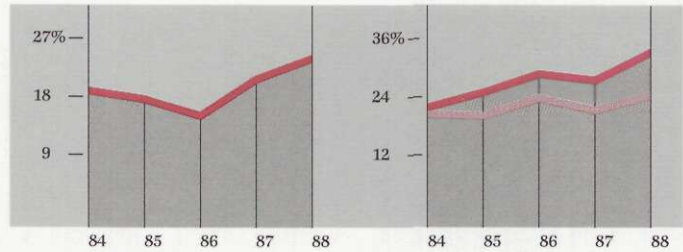
Debt to Capital

(Net of Temporary Investments, Notes Receivable from CPE and Excess Cash, Cash Equivalents and Marketable Securities)



Share Repurchase Program Effect

(On Net Income Available to Common Shareholders to Average Common Shareholders' Equity)



■ Actual
■ Without Repurchase Program



The introduction of Premium Choice extended the Minute Maid trademark into the important not-from-concentrate orange juice segment.

A Decade Evaluated, A Decade Envisioned

Eight years ago, the *Strategy for the 1980s* established a set of goals and principles to guide The Coca-Cola Company through this decade. Our strategy has served us well, not only as a road map but as a charter, an enunciation of the Company's enduring priorities:

- ▶ Protecting and enhancing the value of our trademarks.
- ▶ Serving our customers and consumers with a passion.
- ▶ Increasing the value of our shareholders' investment.

As the decade draws to a close, the results of our adherence to these precepts are apparent.

The Coca-Cola trademark is now more powerful than ever, expanded to new products and without peer in its appeal, relevance and significance to consumers.

Eight years ago, consumers enjoyed our products more than 359 million times each day. In 1988, that number reached more than 559 million, a 56 percent increase. During that time span, our share of the global soft drink market climbed from less than 38 percent to nearly 45 percent, our highest share yet. Each share point represented well over \$1 billion in retail sales for our customers.





*Youthful, growing populations in Asia
and other international markets represent nearly unlimited potential for soft drink growth.*

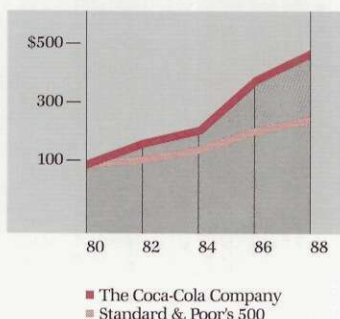


In more than 160 countries, the Coca-Cola trademark represents refreshment, service and value.

This record of growth and accomplishment has translated directly into increased value for our shareholders.

Return on common shareholders' equity during the eight

Historic Growth in Value of Common Stock
(Appreciation Plus Dividends)



years has grown more than 12 points, to 33 percent, an enviable performance for any type of investment.

As we prepare to enter the 1990s, we cannot say precisely what challenges and opportunities the new

decade will offer. In business, as in virtually every other field, ours is an age of continuous change. Yesterday's newly minted insights can quickly become today's conventional wisdom and tomorrow's clichés. Today, even more than in 1981, it would be impossible to formulate a detailed strategy covering every possible eventuality between now and the turn of the century. As we have said publicly in the past, our strategies will always remain flexible and our planning opportunistic.

Certain values, however, endure. Whatever its details, our strategy will be built on the firm foundation of trademark enhancement, consumer and customer satisfaction, and increased shareholder value.

Financial Report

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Management's primary objective is to increase shareholder value over time. To accomplish this objective, The Coca-Cola Company and subsidiaries (the "Company") have developed a comprehensive business strategy that emphasizes maximizing long-term cash flow by improving sales volume and margins, investing in areas offering attractive returns, establishing appropriate business and financial structures for its various operations, and divesting low return and non-strategic assets.

Management of Resources: A key element of the Company's strategy is to concentrate its resources in consumer markets that the Company can manage for competitive advantage, attractive returns and high growth in long-term cash flow. Management seeks investments that strategically enhance existing operations and offer long-term cash returns that exceed the Company's weighted average cost of capital. For investments with risk characteristics similar to the soft drink industry and assuming a net debt-to-net-capital ratio ceiling of 35 percent, that cost of capital is estimated by management to be approximately 12 percent after taxes.

The Company's emphasis on profitable growth is reflected in its level of reinvestments in the form of increased advertising and capital expenditures. Advertising costs increased to \$842 million in 1988 compared to \$720 million in 1987 and \$648 million in 1986. These expenditures position and enhance the Company's products as industry leaders. The Company's principal business, soft drinks, has a low capital requirement and offers a high return on investment. In 1988, the Company's capital expenditures totaled approximately \$240 million in its soft drink sectors, \$82 million in its foods sector and \$65 million related to corporate operations.

The Company repurchased 19.0 million shares of its common stock in 1988, 14.2 million shares in 1987 and 2.9 million shares in 1986. In July 1987, the Board of Directors approved a plan for the repurchase of up to 40 million shares of the Company's common stock by December 31, 1990. As of December 31, 1988, approximately 14.4 million shares remain to be purchased under this program. These repurchase programs were adopted after management determined that the Company's available cash and debt capacity exceeded the funds required in the near-term to support operations. Management will consider future share repurchases as appropriate business and cash flow circumstances develop.

Business Structures: Since 1986, the Company has created or formed three independent, publicly traded companies in which it owns a minority equity interest. In 1987, the Company combined substantially all of the assets and liabilities of its Entertainment Business Sector with Columbia Pictures Entertainment, Inc. (CPE). Subsequent to such combination, the Company distributed a special dividend of CPE common stock to its shareholders, which reduced the Company's ownership of CPE common stock to approximately 49 percent.

The Company created T.C.C. Beverages Ltd. and Coca-Cola Enterprises Inc. (CCE) in 1987 and 1986, respectively. Each of these bottling companies sold unissued common stock through initial public offerings, which reduced the Company's ownership interest to approximately 49 percent. In 1988, CCE announced a share repurchase program for up to 25 million shares of its common stock. The Company has agreed to participate in this

program such that its continuing ownership interest will remain at approximately 49 percent. See Note 3 to the consolidated financial statements.

Additionally, the Company has established and/or invested in approximately 30 companies which bottle, can and distribute Company products. Generally, the Company's intent is to maintain an ownership interest between 20 percent and 49 percent in these operations.

These transactions resulted in significantly stronger, independent companies with capital structures more appropriate for these respective businesses and which offer the potential to maximize shareholder value over the long-term.

Capital Structure: The Company utilizes prudent amounts of debt to lower its overall cost of capital and increase its total return to shareholders. In the third quarter of 1988, the Company issued \$300 million of cumulative money market preferred stock which had dividend rates ranging from 7.05 percent to 7.47 percent at December 31, 1988. The Company has established a net debt-to-net-capital ratio ceiling of 35 percent. At December 31, 1988, total debt, net of excess cash, cash equivalents and current marketable securities, represented 24.3 percent of net capital. This results in additional borrowing capacity of approximately \$727 million, a portion of which will be allocated to funding the existing share repurchase program. The Company envisions using such remaining borrowing capacity principally to fund investment opportunities that meet the Company's strategic and financial objectives.

Dividends—Common Stock: With approval from the Board of Directors, management plans to maintain a common dividend payout target ratio of approximately 40 percent. In 1988, the dividend payout ratio based on current year earnings available to common shareholders was 42 percent. The annual cash common stock dividend was \$1.20 per share, \$1.12 per share and \$1.04 per share in 1988, 1987 and 1986, respectively. In 1987, the Board of Directors approved a special dividend in-kind of CPE common stock which, based on the Company's carrying value, equated to \$.90 per common share. At its February 1989 meeting, the Board of Directors increased the quarterly cash dividend per common share to \$.34, equivalent to a full-year common dividend of \$1.36 in 1989. This is the 27th consecutive year in which the Board of Directors has approved common stock dividend increases.

Management's Discussion and Analysis

LINES OF BUSINESS

The Company operates in two major lines of business: soft drinks and foods. Additionally, the Company has substantial equity investment positions in numerous soft drink bottling and canning operations and an entertainment production and distribution business.

The soft drink business sectors manufacture and sell branded soft drink concentrates and syrups to independent and partially owned bottling and canning operations and approved wholesalers. The Company also owns and operates certain bottling and canning operations, principally outside the United States, which represent approximately 4 percent of international volume. In 1987, T.C.C. Beverages Ltd., formerly a wholly owned bottling subsidiary operating in Canada, completed an initial public offering of

51 percent of its stock. In 1986, Coca-Cola Enterprises Inc., formerly a wholly owned bottling subsidiary operating in the United States, sold common stock through an initial public offering representing 51 percent of total outstanding shares. For additional information, see Note 3 to the consolidated financial statements on pages 39 through 41.

The Foods Business Sector's principal business is marketing and processing citrus and other fruit juices and fruit drink products, primarily orange juice. The sector also sells bottled water and sold coffee and tea until the sale of its coffee and tea business in January 1989.

OPERATING RESULTS

Soft Drinks: Revenues and operating income for the soft drink business sectors increased in 1988 and 1987 primarily because of unit volume increases of 7 percent and 6 percent, respectively, and because of the effects of more favorable exchange rates. Operating income growth in 1987 benefited from a favorable comparison due to the prior period's provisions for restructured operations and disinvestment from South Africa totaling \$180 million. Operating income in both years was also favorably affected by system efficiencies, price increases, lower sweetener costs and a more favorable product mix. Approximately 65 percent of soft drink unit volume was generated outside the United States in both 1988 and 1987.

In the United States, unit volume increased 6 percent in 1988 compared to a slight increase in 1987. Soft drink volume outside the United States increased 7 percent in 1988 and 9 percent in 1987. In 1988, international performance was led by strong results in Europe and Africa and the Pacific and Canada where combined volume advanced 10 percent and 12 percent, respectively, while in Latin

America, volume increased slightly despite declining economic conditions. In 1987, combined unit volume increased 10 percent in Europe and Africa, 10 percent in the Pacific and Canada, and 7 percent in Latin America.

Foods: Branded citrus marketing and processing is the principal business in the Foods Business Sector. Revenues in the foods sector increased 7 percent in 1988 compared to 1987. Volume decreased in both the chilled and frozen concentrated orange juice categories consistent with industry trends. Operating income growth was primarily attributable to the one-time restructuring charge recorded in 1987 coupled with lower levels of trade deals in the current year.

In 1987, revenues increased 7 percent; however, operating income decreased due primarily to increased marketing expenditures and a restructuring provision (\$36 million) recorded in the third quarter.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

Selling expenses were \$2.45 billion in 1988, \$2.11 billion in 1987 and \$1.94 billion in 1986. The increases were due primarily to higher marketing expenses in line with expansion of the business.

Administrative and general expenses increased 6.5 percent and 8.9 percent in 1988 and 1987, respectively. These increases were due to employment-related expenses in both years. Such expenses, as a percentage of net operating revenues, remained relatively stable at about 7 percent for the three years ended December 31, 1988.

PROVISIONS FOR RESTRUCTURED OPERATIONS AND DISINVESTMENT

In 1987, the Company recorded a \$36 million provision related to restructuring activities in its Foods Business Sector. This charge represents transitional matters associated with the change in industry environment and a revised operating strategy concurrent with a change in senior management.

In 1986, the Company recorded provisions totaling \$180 million. These provisions included \$135 million related principally to the revaluation of certain assets and the estimated cost of closing various production facilities as a result of changes in the conduct of the Company's U.S. soft drink business. The remaining \$45 million related to the Company's disinvestment from South Africa. These provisions reduced net income by approximately \$128 million and earnings per common share by \$.33 in 1986.

INTEREST INCOME AND EXPENSE

Interest income decreased in 1988 due primarily to lower average invested balances. Interest income increased in 1987 due primarily to higher average invested balances, partially offset by lower average interest rates.

Interest expense decreased in 1988 due principally to lower average borrowings, some of which relates to the issuance of \$300 million of cumulative money market preferred stock in the third quarter. Interest expense increased in 1987 due to increases in average total debt, partially offset by lower average interest rates. The increase in debt in 1987 was primarily related to business investments and share repurchase programs.

EQUITY INCOME

Equity income in 1988 includes the Company's share of a \$104 million pretax gain recorded by CCE related to the sale of one of its bottling companies in the fourth quarter, partially offset by restructuring charges totaling \$27 million pretax relating to provisions for planned relocation and consolidation of operations. Equity income was adversely affected by lower earnings of CPE which included a \$114 million write-down of motion picture product in the two-and-one-half month period ended February 29, 1988. Equity income in 1987 decreased due to lower reported net income of CPE.

OTHER INCOME AND DEDUCTIONS

The decrease in other income-net in 1988 reflects exchange losses in the current year compared to exchange gains in 1987. This decrease was partially offset by a pretax gain of \$25 million in the first quarter of 1988 from the sale of the Company's interest in E-II Holdings Inc., a spin-off of BCI Holdings, Inc., which owns the Beatrice Company.

The decrease in other income-net in 1987 reflects the revaluation of certain investments and other charges which were substantially offset by the gain on the sale of a non-U.S. bottling operation and higher exchange gains.

SIGNIFICANT EQUITY INVESTEEES

Coca-Cola Enterprises Inc.

Coca-Cola Enterprises Inc. (CCE) was formed by the Company in 1986, comprising soft drink bottling operations historically owned by the Company and other Coca-Cola bottling operations acquired by the Company and CCE in 1986.

On November 21, 1986, CCE sold 71.4 million shares of its common stock in an initial public offering which reduced the Company's ownership interest to 49 percent.

The Company recorded a pretax gain of approximately \$375 million as a result of this transaction. This gain increased net income by approximately \$262 million and earnings per common share by \$.68 in 1986. The Company is accounting for its investment in CCE under the equity method of accounting.

Concentrate/syrup and sweetener sales to CCE were \$759 million in 1988, \$653 million in 1987 and \$392 million in 1986. In January 1987, CCE switched almost exclusively to the purchase of concentrate from the purchase of syrup for the manufacture of Company soft drink products, which reduces the level of revenues as concentrate generally does not include a sweetener component. Sales to CCE were significantly higher in 1987 compared to 1986 because of the acquisitions of significant Company bottling operations by CCE in 1986, partially offset due to the switch to concentrate.

In 1988, CCE announced a 25 million share repurchase program in which the Company agreed to participate on a pro rata basis such that its continuing ownership interest will remain at approximately 49 percent. In 1988, the Company sold 5.3 million shares and received proceeds of approximately \$77 million in connection with this program. See Note 3 to the consolidated financial statements.

T.C.C. Beverages Ltd.

On September 29, 1987, T.C.C. Beverages Ltd., then a wholly owned subsidiary comprising substantially all of the Company-owned soft drink bottling operations in Canada, sold common stock in an initial public offering. The Company recorded a gain of approximately \$40 million as a result of this transaction. Such sale of stock reduced the Company's ownership interest to 49 percent. The Company is accounting for this investment under the equity method of accounting.

Columbia Pictures Entertainment, Inc.

In December 1987, substantially all of the assets and liabilities of the Entertainment Business Sector of the Company were combined with Columbia Pictures Entertainment, Inc. (CPE), formerly known as Tri-Star Pictures, Inc., in exchange for approximately 75.2 million shares of newly issued CPE common stock. On January 15, 1988, the Company distributed a special, one-time dividend of approximately 34.1 million shares of CPE stock to the Company's shareholders. Subsequent to this distribution, the Company owned approximately 49 percent of CPE. The Company is accounting for its investment in CPE under the equity method of accounting.

Other Significant Equity Investments

In January 1987, the Company contributed its bottling and canning assets in Great Britain to a corporate joint venture in which the Company owns a 49 percent common stock equity interest. In June 1987, the Company also made additional common stock investments in Coca-Cola Bottling Co. Consolidated (Consolidated) and Johnston Coca-Cola Bottling Group, Inc. (Johnston) totaling approximately \$117 million. At December 31, 1988, the Company's total ownership interest in Consolidated and Johnston was 20 percent and 22 percent, respectively. In January 1989, the Company exchanged a bottling operation accounted for as a temporary investment for additional common shares of Consolidated which increased its ownership interest to approximately 30 percent.

LIQUIDITY AND CAPITAL RESOURCES

On December 31, 1988, cash and cash equivalents totaled approximately \$1,145 million, a decrease of \$238 million compared to the prior year, resulting primarily from the repayment of short-term borrowings.

The decrease in prepaid expenses and other assets in 1988 reflects the sale of substantially all of the bottling operations of The Coca-Cola Bottling Company of Southern Florida, Inc. (Miami CCBC), which was reported as a temporary investment in 1987.

At December 31, 1988, the decrease in investment in CPE was primarily attributable to the special, one-time dividend of shares of CPE common stock in January 1988 and recorded equity losses of approximately \$44 million.

In 1988, the decrease in short-term debt results primarily from cash received from the liquidation of the CPE notes receivable, the sale of substantially all of the bottling operations of Miami CCBC and the issuance of cumulative money market preferred stock.

The decrease in long-term debt is principally due to a \$100 million debt issue redeemed three years early in November 1988 and other debt repayments. This decrease was partially offset by the issuance of deutsche mark denominated Eurobonds in March 1988, which had a U.S. dollar equivalent of approximately \$141 million as of December 31, 1988. A portion of such borrowings was subsequently converted into Swiss and Belgian franc denominated obligations through swap arrangements.

The Company has designated such borrowings as hedges against its net investments in those respective countries. On December 31, 1988, the Euroyen debt issue had a U.S. dollar equivalent of approximately \$241 million, of which approximately \$140 million was designated as a hedge against the Company's net investment in Coca-Cola (Japan) Company Ltd. (CCJC); the remaining amount was hedged through interest and currency swap agreements.

In January 1988, the Company purchased The Coca-Cola Bottling Company of Memphis, Tenn. (Memphis CCBC) and subsequently sold Memphis CCBC and substantially all of the bottling operations of Miami CCBC to Coca-Cola Enterprises Inc. for approximately \$500 million in cash plus the assumption of indebtedness, the total of which approximated the Company's carrying value.

On December 31, 1987, the Company's cash and cash equivalents totaled approximately \$1,384 million, an increase of \$622 million compared to 1986. This increase was due principally to increases in short-term borrowings and cash provided by operations.

At December 31, 1987, the decrease in prepaid expenses and other assets of approximately \$256 million reflects the sale of Coca-Cola bottling companies affiliated with Mr. Crawford Rainwater, Jr. (Rainwater Bottlers), which was reported as a temporary investment in 1986. The increase in other investments of approximately \$223 million primarily reflects additional equity investments in other bottling companies and the Company's 49 percent equity interest in a joint venture with Cadbury Schweppes plc. The Company's bottling and canning assets in Great Britain were contributed to this joint venture in January 1987.

In 1987, the increase in short-term debt of approximately \$1.2 billion was due principally to the funding of the share repurchase program and the purchase of equity investments in bottling companies as described above. On December 31, 1987, the Euroyen debt issue had a U.S. dollar equivalent of approximately \$249 million, of which approximately \$144 million was designated as a hedge against the Company's net investment in CCJC; the remaining amount was hedged through interest and currency swap agreements.

Major uses of cash continue to be capital expenditures, investment activities, dividends and the repurchase of the Company's common stock.

The Company maintains cash, cash equivalents and current marketable securities substantially in excess of minimum operating requirements. The percentage of net debt to net capital was as follows:

December 31, 1988: 24.3% (net of an estimated \$1,050 million of cash, cash equivalents and current marketable securities in excess of minimum operating requirements).

December 31, 1987: 21.1% (net of an estimated \$1,289 million of cash, cash equivalents and current marketable securities in excess of minimum operating requirements, \$545 million of notes receivable from CPE which were paid in cash on January 19, 1988, and \$308 million of temporary investments which were sold for cash on January 29, 1988).

The Company maintains credit lines at various financial institutions. On December 31, 1988, the unused portion of these credit lines was \$569 million.

Capital expenditures in 1988, 1987 and 1986 were \$387 million, \$304 million and \$346 million, respectively, and related principally to facility construction, capacity expansion, purchase of fixed assets for improved efficiency and fixed assets of purchased companies.

INTERNATIONAL OPERATIONS

The Company distributes its products in more than 160 countries and uses approximately 40 functional currencies. The U.S. dollar is used as the functional currency in countries considered to have hyperinflationary economies, such as Brazil and Mexico. In 1986, the Company recorded a provision for \$45 million related to the Company's disinvestment from South Africa.

Approximately 76 percent of total operating income in 1988 was generated outside the United States. Management estimates that the average annual exchange rates of selected key foreign hard currencies compared to the U.S. dollar increased by an average of 10 percent and 16 percent in 1988 and 1987, respectively. Percentage increases (decreases) in average exchange rates relative to the U.S. dollar for several of the selected foreign currencies are as follows:

	1988	1987	1986
Australia	12%	5%	(4%)
Germany	2%	20%	34%
Italy	(1%)	15%	28%
Japan	12%	16%	41%
United Kingdom	9%	11%	13%

Exchange effects (net gains or (losses) on foreign currency transactions and translation of balance sheet accounts for operations in countries for which the

U.S. dollar serves as the functional currency) were \$(13) million in 1988, \$35 million in 1987 and \$18 million in 1986. Such amounts are included in other income in the consolidated statements of income.

The Company's debt that is denominated in currencies other than the U.S. dollar is generally designated as hedges of the Company's net investments in those respective countries. In addition, the Company engages in various hedging activities to minimize potential losses on cash flows denominated in foreign currencies and to offset foreign exchange movements on firm commitments and certain other transactions where the potential for loss exists.

IMPACT OF NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board has issued FASB Statement No. 96 "Accounting for Income Taxes," which companies are required to adopt for fiscal years beginning after December 15, 1989. Based on preliminary studies and evaluations as of December 31, 1987, which are still in progress, the adoption of Statement 96 could result in a cumulative reduction to shareholders' equity of approximately \$175 million.

IMPACT OF INFLATION AND CHANGING PRICES

Although inflation has slowed in the United States in recent years, it is still a factor in many of the Company's markets around the world, and the Company continues to seek ways to cope with its impact. Foreign currency exchange rates tend to reflect over time the difference in relative inflation rates. The Company's financial statements, prepared in accordance with generally accepted accounting principles, reflect the historical cost rather

than the current or replacement cost of assets required to maintain productive capability. Income from continuing operations determined under the specific price changes method (current cost) would be less than reported in the primary financial statements.

In periods of inflation, monetary assets, such as cash and accounts receivable, lose purchasing power while monetary liabilities, such as accounts payable and debt, gain purchasing power. The Company has benefited from its net monetary liability position in recent years resulting in net purchasing power gains. These gains do not represent an increase in funds available for distribution to shareholders and do not necessarily imply that incurring more debt would be beneficial to the Company.

In general, management believes that the Company is able to adjust prices to compensate for increasing costs and to generate sufficient cash flow to maintain its productive capability.

ADDITIONAL INFORMATION

For additional information concerning the Company's operations, cash flow, liquidity and capital sources, this analysis should be read in conjunction with the information on pages 34 through 49 of this Annual Report. Additional information concerning operations in different industries and geographic areas is presented on pages 46 and 47.

Selected Financial Data
(In millions except per share data)

THE COCA-COLA COMPANY AND SUBSIDIARIES

Year Ended December 31,	1988	1987	1986
Summary Of Operations (a) (b)			
Net operating revenues	\$8,338	\$7,658	\$6,977
Cost of goods sold	3,702	3,633	3,454
Gross profit	4,636	4,025	3,523
Selling, administrative and general expenses	3,038	2,665	2,446
Provisions for restructured operations and disinvestment	—	36	180
Operating income	1,598	1,324	897
Interest income	199	232	154
Interest expense	230	297	208
Equity income	48	113	152
Other income (deductions)—net	(33)	—	35
Gain on sale of stock by former subsidiaries	—	40	375
Income from continuing operations before income taxes	1,582	1,412	1,405
Income taxes	537	496	471
Income from continuing operations	\$1,045	\$ 916	\$ 934
Net income	\$1,045	\$ 916	\$ 934
Preferred stock dividends	7	—	—
Net income available to common shareholders	\$1,038	\$ 916	\$ 934
Per Common Share Data (c)			
Income from continuing operations	\$ 2.85	\$ 2.43	\$ 2.42
Net income	2.85	2.43	2.42
Cash dividends	1.20	1.12	1.04
Year-End Position			
Cash, cash equivalents and marketable securities	\$1,231	\$1,489	\$ 895
Property, plant and equipment—net	1,759	1,602	1,538
Total assets	7,451	8,606	7,675
Long-term debt	761	909	996
Total debt	2,124	2,995	1,848
Shareholders' equity	3,345	3,187	3,479
Total capital (d)	5,469	6,182	5,327
Financial Ratios			
Net income available to common shareholders to average common shareholders' equity	33.3%	27.5%	29.1%
Total debt to total capital	38.8%	48.4%	34.7%
Common stock dividend cash payout	42.1%	46.1%	43.0%
Other Data			
Average common shares outstanding (c)	365	377	387
Capital expenditures	\$ 387	\$ 304	\$ 346
Depreciation	167	152	151
Market price per common share at December 31 (c)	44.63	38.13	37.75

Notes: (a) Financial data for 1984-1987 has been restated to reflect consolidation of Coca-Cola Financial Corporation, a finance subsidiary previously accounted for under the equity method of accounting, due to adoption of FASB Statement No. 94 "Consolidation of All Majority-Owned Subsidiaries." This change had no effect on previously reported net income or net income per common share. In addition, certain amounts have been reclassified to conform to the current year presentation.

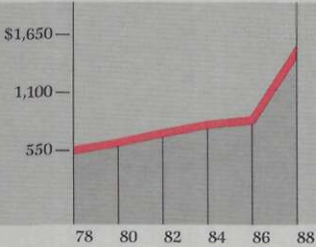
1985	1984	1983	1982	1981	1980	1979	1978
\$5,879	\$5,442	\$5,056	\$4,760	\$4,836	\$4,640	\$3,895	\$3,423
2,909	2,738	2,580	2,472	2,675	2,594	2,101	1,854
2,970	2,704	2,476	2,288	2,161	2,046	1,794	1,569
2,163	1,855	1,648	1,515	1,441	1,366	1,150	967
—	—	—	—	—	—	—	—
807	849	828	773	720	680	644	602
151	133	90	119	85	56	46	41
196	128	77	76	34	30	10	7
161	115	84	46	20	14	18	17
69	13	2	11	(20)	(13)	(7)	(18)
—	—	—	—	—	—	—	—
992	982	927	873	771	707	691	635
314	360	374	379	339	313	305	284
\$ 678	\$ 622	\$ 553	\$ 494	\$ 432	\$ 394	\$ 386	\$ 351
\$ 722	\$ 629	\$ 559	\$ 512	\$ 482	\$ 422	\$ 420	\$ 375
—	—	—	—	—	—	—	—
\$ 722	\$ 629	\$ 559	\$ 512	\$ 482	\$ 422	\$ 420	\$ 375
\$ 1.72	\$ 1.57	\$ 1.35	\$ 1.27	\$ 1.17	\$ 1.06	\$ 1.04	\$.95
1.84	1.59	1.37	1.32	1.30	1.14	1.13	1.01
.99	.92	.89	.83	.77	.72	.65	.58
\$ 843	\$ 768	\$ 559	\$ 254	\$ 344	\$ 235	\$ 153	\$ 325
1,483	1,284	1,247	1,233	1,160	1,045	976	833
6,341	5,241	4,540	4,212	3,373	3,152	2,710	2,439
801	631	428	423	132	121	22	15
1,280	1,310	520	493	227	213	130	69
2,948	2,751	2,912	2,779	2,271	2,075	1,919	1,740
4,228	4,061	3,432	3,272	2,498	2,288	2,049	1,809
25.3%	22.2%	19.6%	20.3%	22.2%	21.1%	23.0%	22.6%
30.3%	32.3%	15.2%	15.1%	9.1%	9.3%	6.3%	3.8%
53.8%	57.9%	65.0%	62.9%	59.2%	63.2%	57.5%	57.4%
393	396	408	390	372	372	372	372
\$ 412	\$ 300	\$ 324	\$ 273	\$ 279	\$ 241	\$ 309	\$ 234
130	119	111	104	94	87	77	61
28.17	20.79	17.83	17.33	11.58	11.13	11.50	14.63

(b) In 1982, the Company adopted FASB Statement No. 52 "Foreign Currency Translation."

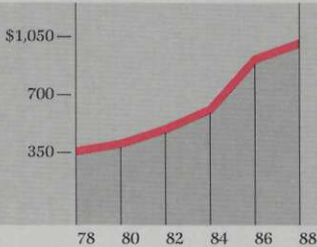
(c) Adjusted for a three-for-one stock split in 1986.

(d) Includes shareholders' equity and total debt.

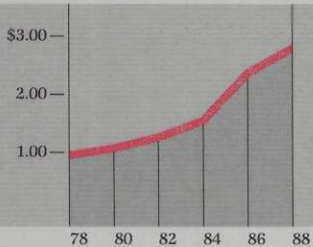
Operating Income
(Millions)



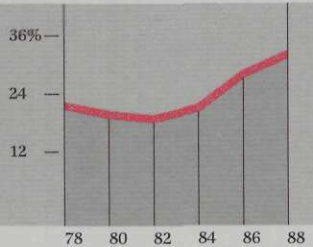
Net Income (Millions)
Available to Common Shareholders



Net Income Per Common Share



Return on Common Shareholders' Equity
(Net Income Available to Common Shareholders to Average Common Shareholders' Equity)



Consolidated Balance Sheets

(In thousands except share data)

December 31,		1988	1987
Assets			
Current			
	Cash and cash equivalents	\$1,145,346	\$1,383,560
	Marketable securities, at cost (approximates market)	85,844	105,546
		1,231,190	1,489,106
	Trade accounts receivable, less allowances of \$14,616 in 1988 and \$13,429 in 1987	627,248	672,160
	Finance subsidiary—receivables	156,728	68,619
	Inventories	778,816	776,740
	Prepaid expenses and other assets	451,450	680,407
	Notes receivable—Columbia Pictures Entertainment, Inc.	—	544,889
	Total Current Assets	3,245,432	4,231,921
Investments and Other Assets			
	Investments in affiliates		
	Coca-Cola Enterprises Inc.	733,295	749,159
	T.C.C. Beverages Ltd.	96,921	84,493
	Columbia Pictures Entertainment, Inc.	598,059	989,409
	Other	483,698	395,004
	Finance subsidiary—receivables and investments	167,689	228,290
	Long-term receivables and other assets	309,897	251,587
		2,389,559	2,697,942
Property, Plant and Equipment			
	Land	116,726	112,741
	Buildings and improvements	853,252	763,317
	Machinery and equipment	1,645,652	1,492,583
	Containers	293,277	275,120
		2,908,907	2,643,761
	Less allowances for depreciation	1,149,832	1,042,233
		1,759,075	1,601,528
Goodwill and Other Intangible Assets		56,546	74,155
		\$7,450,612	\$8,605,546

December 31,

1988

1987

Liabilities and Shareholders' Equity

Current			
	Accounts payable and accrued expenses	\$1,080,970	\$1,208,754
	Loans and notes payable		
	Finance subsidiary	253,628	186,578
	Other	1,000,896	1,685,408
	Current maturities of long-term debt	108,915	213,609
	Dividends payable in-kind	—	335,017
	Accrued taxes—including income taxes	424,488	454,013
	Total Current Liabilities	2,868,897	4,083,379
Long-Term Debt			
	Finance subsidiary	41,584	106,113
	Other	719,475	803,352
		761,059	909,465
Other Liabilities		205,702	208,328
Deferred Income Taxes		269,652	217,200
Shareholders' Equity			
	Preferred stock, \$1 par value—		
	Authorized: 100,000,000 shares; 3,000 shares of cumulative		
	money market preferred stock issued and outstanding		
	in 1988, stated at aggregate liquidation preference	300,000	—
	Common stock, \$1 par value—		
	Authorized: 700,000,000 shares;		
	Issued: 417,394,567 shares		
	in 1988; 415,977,479 shares in 1987	417,395	415,977
	Capital surplus	380,264	338,594
	Reinvested earnings	4,385,142	3,783,625
	Unearned restricted stock issued for future services	(51,467)	(37,414)
	Foreign currency translation adjustment	(17,010)	(4,247)
		5,414,324	4,496,535
	Less treasury stock, at cost (62,606,056 common shares in 1988;		
	43,621,336 common shares in 1987)	2,069,022	1,309,361
		3,345,302	3,187,174
		\$7,450,612	\$8,605,546

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income
(In thousands except per share data)

THE COCA-COLA COMPANY AND SUBSIDIARIES

Year Ended December 31,	1988	1987	1986
Net Operating Revenues	\$8,337,831	\$7,658,341	\$6,976,558
Cost of goods sold	3,701,472	3,633,159	3,453,891
Gross Profit	4,636,359	4,025,182	3,522,667
Selling, administrative and general expenses	3,038,058	2,665,022	2,445,602
Provisions for restructured operations and disinvestment	—	36,370	180,000
Operating Income	1,598,301	1,323,790	897,065
Interest income	199,333	232,032	154,475
Interest expense	230,513	296,772	207,777
Equity income	48,259	113,249	151,620
Other income (deductions)—net	(33,243)	531	34,542
Gain on sale of stock by former subsidiaries	—	39,654	375,000
Income Before Income Taxes	1,582,137	1,412,484	1,404,925
Income taxes	537,434	496,348	470,578
Net Income	1,044,703	916,136	934,347
Preferred stock dividends	6,426	—	—
Net Income Available to Common Shareholders	\$1,038,277	\$ 916,136	\$ 934,347
Net Income Per Common Share	\$ 2.85	\$ 2.43	\$ 2.42
Average Common Shares Outstanding	364,612	377,372	386,831

See Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

(In thousands except per share data)

THE COCA-COLA COMPANY AND SUBSIDIARIES

Three Years Ended December 31, 1988	Preferred Stock	Common Stock	Capital Surplus	Reinvested Earnings	Unearned Restricted Stock	Foreign Currency Translation	Treasury Stock
Balance December 31, 1985		\$ 69,227	\$602,617	\$3,092,255	\$(30,559)	\$(181,440)	\$ (603,602)
Change in par value of common stock		343,872	(343,872)	—	—	—	—
Sales to employees exercising stock options		1,183	26,771	—	—	—	539
Tax benefit from sale of option shares by employees		—	5,907	—	—	—	—
Translation adjustments (net of income taxes of \$5,681)		—	—	—	—	63,353	—
Treasury stock issued in connection with an acquisition		—	—	—	—	—	8,717
Stock issued under Restricted Stock Award Plan, less amortization of \$2,803		210	7,922	—	(5,329)	—	—
Treasury stock purchased		—	—	—	—	—	(110,471)
Net income		—	—	934,347	—	—	—
Cash dividends Common (per share—\$1.04)		—	—	(402,556)	—	—	—
Balance December 31, 1986		414,492	299,345	3,624,046	(35,888)	(118,087)	(704,817)
Sales to employees exercising stock options		1,307	23,364	—	—	—	566
Tax benefit from sale of option shares by employees		—	8,207	—	—	—	—
Translation adjustments (net of income taxes of \$3,394)		—	—	—	—	113,840	—
Stock issued under Restricted Stock Award Plan, less amortization of \$6,330		178	7,678	—	(1,526)	—	—
Treasury stock purchased		—	—	—	—	—	(605,110)
Net income		—	—	916,136	—	—	—
Cash dividends Common (per share—\$1.12)		—	—	(421,540)	—	—	—
In-kind dividends (per common share—\$.90)		—	—	(335,017)	—	—	—
Balance December 31, 1987		415,977	338,594	3,783,625	(37,414)	(4,247)	(1,309,361)
Sales to employees exercising stock options		906	18,880	—	—	—	(1,459)
Tax benefit from sale of option shares by employees		—	5,491	—	—	—	—
Translation adjustments (net of income taxes of \$19)		—	—	—	—	(12,763)	—
Stock issued under Restricted Stock Award Plan, less amortization of \$7,884		512	21,424	—	(14,053)	—	—
Treasury stock purchased		—	—	—	—	—	(758,202)
Preferred stock issued	\$300,000	—	(4,125)	—	—	—	—
Net income	—	—	—	1,044,703	—	—	—
Cash dividends Preferred	—	—	—	(6,426)	—	—	—
Common (per share—\$1.20)	—	—	—	(436,760)	—	—	—
Balance December 31, 1988	\$300,000	\$417,395	\$380,264	\$4,385,142	\$(51,467)	\$ (17,010)	\$(2,069,022)

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
(In thousands)

THE COCA-COLA COMPANY AND SUBSIDIARIES

Year Ended December 31,	1988	1987	1986
Operating Activities			
Net income	\$ 1,044,703	\$ 916,136	\$ 934,347
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	169,768	154,525	155,420
Deferred income taxes	43,915	(27,005)	44,826
Equity income, net of dividends	(35,758)	(79,667)	(131,585)
Loss (gain) on exchange	27,945	(12,958)	(28,052)
Gain on sale of stock by former subsidiaries	—	(39,654)	(375,000)
Provisions for restructured operations and disinvestment	—	36,370	180,000
Change in operating assets and liabilities			
Decrease (increase) in trade accounts receivable	33,887	(11,182)	(98,117)
Increase in inventories	(25,744)	(29,372)	(47,109)
Decrease (increase) in prepaid expenses and other assets	(35,496)	49,659	(181,806)
Increase (decrease) in accounts payable and accrued expenses	(36,139)	121,414	27,790
Increase (decrease) in accrued taxes	(17,618)	105,117	134,622
Increase (decrease) in other liabilities	(2,626)	28,305	96,653
Net cash provided by operating activities	1,166,837	1,211,688	711,989
Investing Activities			
Increase in finance subsidiary—receivables and investments	(172,866)	(131,665)	(133,946)
Decrease in finance subsidiary—receivables and investments	145,358	71,492	58,912
Purchases of investments and other assets	(128,526)	(339,248)	—
Proceeds on disposals of investments and other assets	77,049	53,559	201,454
Decrease in marketable securities	19,702	32,455	94,271
Purchases of property, plant and equipment	(386,757)	(303,545)	(345,826)
Proceeds on disposals of property, plant and equipment	43,332	124,504	155,029
Decrease (increase) in temporary investments and other	207,721	303,435	(555,437)
Notes receivable—Columbia Pictures Entertainment, Inc.	544,889	—	—
Net cash provided by (used in) investing activities	349,902	(189,013)	(525,543)
Financing Activities			
Due to Columbia Pictures Entertainment, Inc.	—	(576,741)	(180,071)
Issuances of debt	140,929	1,074,269	664,925
Payments of debt	(992,527)	(4,628)	(106,848)
Preferred stock issued	300,000	—	—
Common stock issued (includes treasury)	29,035	39,774	45,920
Repurchase of common stock	(759,661)	(605,110)	(110,471)
Cash dividends (common and preferred)	(443,186)	(421,540)	(402,556)
Net cash used in financing activities	(1,725,410)	(493,976)	(89,101)
Effect of Exchange Rate Changes on Cash	(29,543)	93,087	49,137
Cash and Cash Equivalents			
Net increase (decrease) during the year	(238,214)	621,786	146,482
Balance at beginning of year	1,383,560	761,774	615,292
Balance at end of year	\$ 1,145,346	\$ 1,383,560	\$ 761,774

See Notes to Consolidated Financial Statements.

1. Accounting Policies. The major accounting policies and practices followed by the Company and its subsidiaries are as follows:

Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

In 1988, the Company adopted FASB Statement No. 94 "Consolidation of All Majority-Owned Subsidiaries" and changed its method of presentation for Coca-Cola Financial Corporation (CCFC), a finance subsidiary, from the equity method to consolidation. Additionally, the Company adopted FASB Statement No. 95 "Statement of Cash Flows." The consolidated financial statements for all prior periods have been restated for consistency of presentation. The restatements had no effect on net income or net income per common share. In addition, certain amounts in the 1987 and 1986 financial statements have been reclassified to conform to the current year presentation.

Net Income Per Common Share: Net income per common share is computed by dividing net income less dividends on preferred stock (which is cumulative) by the weighted average number of common shares outstanding.

Cash Equivalents: Marketable securities that are highly liquid and have maturities of three months or less at the date of purchase are classified as cash equivalents.

Inventories: Inventories are valued at the lower of cost or market. In general, inventories are valued on the basis of average cost or first-in, first-out (FIFO) methods. However, certain soft drink and citrus inventories are valued on the last-in, first-out (LIFO) method. The excess of current costs over LIFO stated values amounted to approximately \$30 million and \$19 million at December 31, 1988 and 1987, respectively.

Property, Plant and Equipment: Property, plant and equipment is stated at cost, less allowance for depreciation. Depreciation expense is determined principally by the straight-line method. The annual rates of depreciation are 2 percent to 10 percent for buildings and improvements and 7 percent to 34 percent for machinery, equipment and containers.

Capitalized Interest: Interest capitalized as part of the cost of acquisition or construction of major assets was \$8 million, \$6 million and \$12 million in 1988, 1987 and 1986, respectively. Interest paid was approximately \$250 million, \$275 million and \$200 million in 1988, 1987 and 1986, respectively.

Goodwill and Other Intangible Assets: Goodwill and other intangible assets are stated on the basis of cost and, if acquired subsequent to October 31, 1970, are being amortized, principally on a straight-line basis, over the estimated future periods

to be benefited (not exceeding 40 years). Accumulated amortization amounted to approximately \$3 million at December 31, 1988 and 1987.

Income Taxes: All income tax amounts and balances have been computed in accordance with APB Opinion No. 11 "Accounting for Income Taxes."

2. Inventories consist of the following (in thousands):

December 31,	1988	1987
Finished goods	\$297,850	\$310,222
Work in process	7,113	6,328
Raw materials and supplies	473,853	460,190
	<u>\$778,816</u>	<u>\$776,740</u>

3. Investments in and Advances to Affiliated Companies.

Columbia Pictures Entertainment, Inc.: On December 17, 1987, the Company combined substantially all of the assets and liabilities of its Entertainment Business Sector (EBS) with Columbia Pictures Entertainment, Inc. (CPE), formerly known as Tri-Star Pictures, Inc. (Tri-Star), in a transaction accounted for as a step purchase transaction with EBS treated as the acquiring entity for financial reporting purposes. On January 15, 1988, the Company distributed a special one-time dividend of approximately 34.1 million shares of CPE common stock totaling approximately \$335 million. This special dividend, accounted for as a partial spin-off based on the Company's carrying value, reduced the Company's ownership interest in CPE to approximately 49 percent. On December 18, 1987, the Company purchased \$100 million of CPE adjustable rate non-voting, non-convertible preferred stock. Consistent with its reduced ownership interest, the Company is accounting for its investment in CPE under the equity method of accounting for all periods presented. The Company's ownership interest in Tri-Star common stock immediately prior to the transaction represented 37 percent of the outstanding common shares.

A summary of financial information for CPE, Tri-Star and related Tri-Star investment and equity income is presented below (in thousands). In 1988, CPE changed its fiscal year-end to the last day of February. Operating results for 1988 include the results of CPE for the period from December 18, 1987, to November 30, 1988. The operating results presented for 1987 and 1986 are those of EBS, which is treated as the surviving entity for financial reporting purposes. The consolidated balance sheet data as of December 17, 1987, reflects the issuance of \$100 million of adjustable rate preferred stock which is owned by the Company.

Notes to Consolidated Financial Statements

	November 30, 1988	February 29, 1988	December 17, 1987
Current assets	\$ 844,685	\$1,034,542	\$1,172,156
Noncurrent assets	2,690,620	2,388,371	2,384,987
Total assets	\$3,535,305	\$3,422,913	\$3,557,143
Current liabilities	\$ 655,231	\$ 817,075	\$ 934,309
Noncurrent liabilities	1,820,800	1,564,047	1,476,834
Total liabilities	\$2,476,031	\$2,381,122	\$2,411,143
Net assets	\$1,059,274	\$1,041,791	\$1,146,000
Company equity investments	\$ 598,059	\$ 589,988	\$ 989,409

	Period from March 1 to November 30, 1988	Period from December 18, 1987 to February 29, 1988	Period from January 1 to December 17, 1987	Year Ended December 31, 1986
Revenues	\$1,170,189	\$217,024	\$1,065,987	\$1,354,989
Cost of services	904,768	182,219	764,880	976,851
Gross profit	\$ 265,421	\$ 34,805	\$ 301,107	\$ 378,138
Income (loss) before income taxes, extraordinary credit and accounting change	\$ 27,354	\$(147,808)	\$ 28,086	\$ 204,837
Net income (loss) available to common shareholders of CPE	\$ 15,711	\$(104,629)		
Net income of EBS			\$ 50,656	\$ 101,957
Equity income (loss) of Tri-Star			(1,800)	5,400
Company equity in earnings (losses)	\$ 7,163	\$ (51,446)	\$ 48,856	\$ 107,357

CPE's operating results for the period ended February 29, 1988, included a \$114 million charge to reduce inventory carrying values and write off certain development costs based on the level of performance anticipated by current management for films in production but not yet released at the time of the combination of EBS with CPE. CPE's 1987 operating income was reduced by a provision for restructuring and revaluation aggregating \$100 million. In addition, certain income tax and other accrual accounts were revalued and substantially offset the effect of the aforementioned provision. The net effect of the 1987 transactions reduced equity income by approximately \$12 million.

Coca-Cola Enterprises Inc.: On September 12, 1986, the Company transferred the operating assets of substantially all Company-owned bottling companies in the United States to

Coca-Cola Enterprises Inc. (CCE), a wholly owned subsidiary. In connection with these transactions, CCE assumed approximately \$233 million of debt incurred by the Company in conjunction with certain of the acquisitions. In addition, in September 1986, CCE acquired the Coca-Cola bottling companies controlled by Mr. John T. Lupton and his family, the soft drink bottling operations of BCI Holdings Corporation (the successor to The Beatrice Companies, Inc.) and the remaining interest in The Detroit Bottling Company, Inc. for an aggregate cost of approximately \$2.25 billion. These acquisitions were funded with debt, none of which was guaranteed by the Company.

On November 21, 1986, CCE sold 71.4 million shares of its unissued common stock for net proceeds of approximately \$1.12 billion. This transaction reduced the Company's ownership interest to 49 percent and resulted in a pretax gain of \$375 million. Consistent with its reduced ownership interest, CCE is accounted for under the equity method of accounting for all periods presented.

A summary of financial information for CCE is as follows (in thousands):

	December 30, 1988	January 1, 1988
Current assets	\$ 488,462	\$ 451,991
Noncurrent assets	4,180,745	3,798,033
Total assets	\$4,669,207	\$4,250,024
Current liabilities	\$ 550,121	\$ 474,014
Noncurrent liabilities	2,310,709	2,249,863
Total liabilities	\$2,860,830	\$2,723,877
Net assets	\$1,808,377	\$1,526,147
Company equity investments	\$ 733,295	\$ 749,159

Year Ended	December 30, 1988	January 1, 1988	January 2, 1987
Net operating revenues	\$3,874,445	\$3,329,134	\$1,951,008
Cost of goods sold	2,268,038	1,916,724	1,137,720
Gross profit	\$1,606,407	\$1,412,410	\$ 813,288
Income before income taxes	\$ 267,721	\$ 172,775	\$ 84,770
Net income available to common shareholders	\$ 142,719	\$ 88,372	\$ 27,792
Company equity in earnings	\$ 63,757	\$ 43,302	\$ 28,161

Syrup/concentrate and sweetener sales to CCE were \$759 million in 1988, \$653 million in 1987 and \$392 million in 1986. Cooperative advertising and other marketing related arrangements between the Company and CCE resulted in net payments by the Company to CCE of approximately \$68 million in 1988, \$53 million in 1987 and \$17 million in 1986.

In December 1988, CCE sold one of its bottling subsidiaries and recorded a pretax gain of approximately \$104 million. The purchaser is a bottling company which is 22 percent owned by the Company. Additionally, CCE has initiated a share repurchase program for up to 25 million shares of its common stock. The Company intends to participate in such repurchase program and has entered into an agreement with CCE whereby the Company will sell a sufficient number of its CCE shares such that its continuing ownership interest will remain at approximately 49 percent. In connection with this agreement, in December 1988, the Company sold 5.3 million shares to CCE for aggregate proceeds of approximately \$77 million. When CCE completes the purchase of the same number of shares from public shareholders, an adjusting payment will be made to or received from CCE for the difference between the aggregate proceeds paid to the Company and the aggregate proceeds paid to the public shareholders, net of commissions paid by CCE.

Other Significant Equity Investments: In January 1987, the Company contributed its Great Britain bottling and canning assets to a corporate joint venture in which the Company owns a 49 percent common equity interest.

In June 1987, the Company acquired approximately 1.6 million common shares of previously unissued common stock of Coca-Cola Bottling Co. Consolidated (Consolidated) for approximately \$63 million. In January 1989, the Company acquired an additional 1.1 million shares of Consolidated common stock in exchange for 100 percent of the common stock of a bottling company, which had been accounted for as a temporary investment. Such shares increased the Company's ownership interest from 20 percent to approximately 30 percent.

In June 1987, the Company purchased 2,219 shares of previously unissued common shares of Johnston Coca-Cola Bottling Group, Inc. (Johnston) for approximately \$54 million, which increased the Company's ownership interest to approximately 22 percent.

On September 29, 1987, T.C.C. Beverages Ltd. (TCC), a Canadian bottling company composed of substantially all of the Company-owned bottling operations in Canada, completed an initial public offering of 51 percent of its stock.

The Company recognized a non-cash gain of approximately \$40 million as a result of this transaction. TCC includes C.C. Bottling Co. Consolidated Ltd. which was acquired on July 15, 1987 for approximately \$53 million.

A summary of financial information for the companies mentioned above and other equity investees (none of which is individually significant) is as follows (in thousands):

December 31,	1988	1987
Current assets	\$ 926,829	\$ 695,193
Noncurrent assets	1,953,703	1,472,997
Total assets	\$2,880,532	\$2,168,190
Current liabilities	\$ 857,606	\$ 471,225
Noncurrent liabilities	1,166,597	1,050,256
Total liabilities	\$2,024,203	\$1,521,481
Net assets	\$ 856,329	\$ 646,709
Company equity investments	\$ 484,698	\$ 320,575

Year Ended December 31,	1988	1987	1986
Net operating revenues	\$3,673,640	\$1,810,244	\$598,383
Cost of goods sold	2,610,406	1,110,568	401,116
Gross profit	\$1,063,234	\$ 699,676	\$197,267
Income before income taxes	\$ 114,599	\$ 27,240	\$ 21,373
Net income	\$ 66,445	\$ 17,712	\$ 13,680
Company equity in earnings	\$ 28,785	\$ 13,506	\$ 12,005

The market value of the Company's investments in publicly traded equity investees exceeded the Company's carrying value at December 31, 1988, by approximately \$291 million.

4. Finance Subsidiary. CCFC provides loans and other forms of financing to Coca-Cola bottlers and customers for the acquisition of sales related equipment and other business purposes. The approximate contractual maturities of finance receivables for the five years succeeding December 31, 1988, are as follows (in thousands):

1989	\$156,728
1990	41,884
1991	42,985
1992	26,431
1993	9,023

Notes to Consolidated Financial Statements

These amounts do not reflect possible prepayments or renewals. Additionally, finance receivables at December 31, 1988, include approximately \$167 million due from Johnston, a bottling company which is 22 percent owned by the Company.

5. Short-Term Borrowings and Credit Arrangements.

Loans and notes payable consist of commercial paper and notes payable to banks and other financial institutions.

Under lines of credit and other credit facilities for short-term debt with various financial institutions, the Company may borrow up to \$711 million. These lines of credit are subject to normal banking terms and conditions. At December 31, 1988, the unused portion of the credit lines was \$569 million, of which \$435 million was available to support commercial paper borrowings. Some of the financial arrangements require compensating balances which are not material.

6. Accrued Taxes are composed of the following amounts (in thousands):

December 31,	1988	1987
Income taxes	\$357,614	\$389,473
Sales, payroll and miscellaneous taxes	66,874	64,540
	\$424,488	\$454,013

7. Long-Term Debt consists of the following amounts (in thousands):

December 31,	1988	1987
12 ³ / ₄ % notes due August 1, 1989	\$ 98,786	\$ 99,921
11 ³ / ₈ % notes due November 28, 1991	85,675	83,120
9 ⁷ / ₈ % notes due August 1, 1992 (redeemable after July 31, 1989)	87,907	98,999
9 ⁷ / ₈ % notes due November 26, 1992 (redeemable after November 26, 1989)	100,000	100,000
5 ³ / ₄ % notes due April 24, 1996	240,641	249,098
5 ³ / ₄ % notes due March 25, 1998	140,929	—
10 ³ / ₈ % notes due June 1, 1988	—	99,862
11 ³ / ₄ % notes redeemed on November 15, 1988 (original due date was October 16, 1991)	—	99,864
11 ³ / ₈ % notes due November 28, 1988	—	100,000
Finance subsidiary	41,584	106,113
Other	74,452	86,097
	869,974	1,123,074
Less current portion	108,915	213,609
	\$761,059	\$ 909,465

Notes outstanding at December 31, 1988, were issued outside the United States and are redeemable at the Company's option under certain conditions related to U.S. and foreign tax laws. The 9⁷/₈ percent notes due November 26, 1992, were issued with detachable warrants that grant the holder the right to receive additional notes bearing the same interest rate and maturing in 1992. The warrants require the surrender of the original bond on or before November 26, 1989; thereafter, the warrants require the payment of one thousand dollars plus accrued interest. The 5³/₄ percent notes due April 24, 1996, of which \$140 million has been designated as a hedge against the Company's net investment in Coca-Cola (Japan) Company, Ltd. at December 31, 1988, are denominated in Japanese yen. The 5³/₄ percent notes due March 25, 1998, are denominated in deutsche marks. Portions of such notes were subsequently swapped for Swiss and Belgian franc denominated liabilities. The Company has designated such borrowings as hedges against its net investments in those respective countries.

At December 31, 1988, CCFC's long-term debt consisted of a 9.32 percent bond due August 29, 1990. Other long-term debt consists of various mortgages and notes with maturity dates ranging from 1989 to 2008. Interest on a portion of this debt varies with the changes in the prime rate, and the weighted average interest rate applicable to the remainder is approximately 11.8 percent.

Maturities of long-term debt for the five years succeeding December 31, 1988, are as follows (in thousands):

1989	\$108,915
1990	55,090
1991	97,520
1992	203,338
1993	4,107

The above notes include various restrictions, none of which are presently significant to the Company.

The Company is contingently liable for guarantees of indebtedness owed by some of its independent bottling licensees (\$88 million), and others, totaling approximately \$133 million at December 31, 1988. In addition, the Company has guaranteed the collection of certain accounts receivable and contract rights sold by CPE with recourse that had uncollected balances of approximately \$101 million at December 31, 1988; CPE has agreed to indemnify the Company against losses, if any, which could arise from such guarantees.

8. Preferred Stock. On September 7, 1988, the Company issued four series of non-voting cumulative money market preferred stock (MMP), consisting of 750 shares each. All shares were issued at a price of \$100,000 per share. Dividends, which are cumulative, are generally determined every 49 days through auction procedures. Weighted average dividend rates (per annum) were as follows:

Series	Weighted Average Dividend Rate Year Ended December 31, 1988
A	6.52%
B	6.51%
C	6.77%
D	6.81%

The shares of MMP of each series are redeemable on the second business day preceding any dividend payment date at the option of the Company, as a whole or in part, at \$100,000 per share plus accrued dividends.

9. Common Stock. The number of common stock shares outstanding and related changes for the three years ended December 31, 1988, are as follows (in thousands):

	1988	1987	1986
Stock outstanding at January 1,	372,356	385,011	385,982
Sales to employees exercising stock options (net of treasury shares)	906	1,339	1,213
Treasury stock issued in connection with an acquisition	—	—	485
Stock issued under Restricted Stock Award Plan	512	178	210
Treasury stock purchased	(18,985)	(14,172)	(2,879)
Stock outstanding at December 31,	354,789	372,356	385,011

10. Stock Options and Other Stock Plans. The amended 1983 Restricted Stock Award Plan provides that 3,000,000 shares of restricted common stock may be granted to certain officers and key employees of the Company. The shares are subject to forfeiture if the employee leaves the Company for reasons other than death, disability, retirement or as a result of a change of control in the Company and may not be transferred by the employee prior to death, disability

or retirement. The employee receives dividends on the shares and may vote the shares. The market value of the shares at the date of grant is charged to operations over the vesting periods. Shares granted were 511,500 shares, 178,500 shares and 210,000 shares in 1988, 1987, and 1986, respectively. At December 31, 1988, 435,000 shares were available to be granted under this Plan.

The Company's 1987 Stock Option Plan covers 8,000,000 shares of the Company's common stock. The Plan provides for the granting of stock appreciation rights and stock options to certain officers and employees. Stock appreciation rights permit the holder, upon surrendering all or part of the related stock option, to receive cash, common stock or a combination thereof, in an amount up to 100 percent of the difference between the market price and the option price. Included in options outstanding at December 31, 1988, were various options granted under previous plans and other options granted not as a part of an option plan.

Further information relating to options is as follows:

	1988	1987	1986
Options outstanding at January 1,	5,610,347	6,065,924	5,662,155
Options granted in the year	4,182,950	1,111,850	1,800,400
Options exercised in the year	(905,598)	(1,339,584)	(1,194,183)
Options cancelled in the year	(229,909)	(227,843)	(202,448)
Options outstanding at December 31,	8,657,790	5,610,347	6,065,924
Options exercisable at December 31,	3,413,083	3,168,149	3,153,137
Shares available at December 31 for options which may be granted	3,258,451	7,539,184	459,454
Option prices per share			
Exercised in the year	\$10-\$39	\$10-\$39	\$10-\$24
Unexercised at December 31,	\$10-\$45	\$10-\$45	\$10-\$39

In 1988, the Company entered into Incentive Unit Agreements, whereby certain officers will be granted cash awards based on the market value of 300,000 shares of the Company's common stock at the measurement dates. In 1985, the Company entered into Performance Unit Agreements, whereby certain officers will be granted cash awards based on the difference in the market value of 555,000 shares of the Company's common stock at the measurement dates and the base price of \$20.63, the market value as of January 2, 1985. Under these agreements, the cost is being charged to operations over the vesting period.

11. Pension Plans. The Company and its subsidiaries sponsor and/or contribute to various pension plans covering substantially all U.S. employees and certain employees in non-U.S. locations. In the United States, the benefits are based on years of service and the employee's compensation in certain periods in the last eleven years of employment. Also, approximately 1,539 covered individuals are employees of CCE, a former subsidiary. Pension costs are generally funded currently. In 1987, the Company adopted FASB Statement No. 87 "Employers' Accounting for Pensions" for its U.S. pension plans. All 1988 and 1987 disclosures for U.S. defined benefit plans reflect such adoption. This adoption decreased 1987 pension expense by approximately \$13 million.

Pension expense amounted to approximately \$24 million in 1988, \$21 million in 1987 and \$31 million in 1986. Net pension cost for U.S. plans in 1988 and 1987 included the following components (in thousands):

	1988	1987
Service cost—benefits earned during the period	\$ 11,762	\$ 11,175
Interest cost on projected benefit obligation	35,233	32,873
Actual return on plan assets	(62,357)	(33,439)
Net amortization and deferral	25,785	(2,395)
Net periodic pension cost	\$ 10,423	\$ 8,214

The assumptions used in the majority of the Company's plans at December 31, 1988 and 1987 were:

	1988	1987
Weighted average discount rates	9%	8%
Rates of increase in compensation levels	6%	6%
Expected long-term rate of return on assets	8%	8%

The following table sets forth the funded status for the Company's U.S. defined benefit plans at December 31, 1988 and 1987 (in thousands):

	December 31, 1988		December 31, 1987
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	
Actuarial present value of benefit obligation			
Vested benefit obligation	\$278,066	\$ 38,001	\$312,522
Accumulated benefit obligation	\$307,643	\$ 39,494	\$339,549
Projected benefit obligation	\$366,692	\$ 46,475	\$431,267
Plan assets at fair value (primarily listed stocks, bonds and U.S. government securities)	495,709	—	454,333
Plan assets in excess of (or less than) projected benefit obligation	129,017	(46,475)	23,066
Unrecognized net (asset) liability at transition	(54,672)	24,642	(37,058)
Unrecognized net (gain) loss	(68,377)	620	50
Accrued pension asset (liability) included in the consolidated balance sheet	\$ 5,968	\$(21,213)	\$ (13,942)

The Company has various pension plans in locations outside the United States. These locations are not required to report to U.S. governmental agencies and do not determine the actuarial present value of accumulated plan benefits or net assets available for benefits as calculated and disclosed above. For such plans, the value of the pension funds and balance sheet accruals exceeded the actuarially computed value of benefits as of January 1, 1988 and 1987, as estimated by consulting actuaries.

The Company also has a plan that provides post-retirement health care and life insurance benefits to virtually all domestic employees who retire with a minimum of five years of service; the annual cash cost of these benefits is not significant.

12. Income Taxes. The components of income before income taxes consist of the following (in thousands):

Year Ended December 31,	1988	1987	1986
United States	\$ 439,149	\$ 358,755	\$ 593,779
Foreign	1,142,988	1,053,729	811,146
	<u>\$1,582,137</u>	<u>\$1,412,484</u>	<u>\$1,404,925</u>

Income taxes consist of the following amounts (in thousands):

Year Ended December 31,	United States	State & Local	Foreign	Total
1988				
Current	\$ 53,084	\$14,329	\$426,106	\$493,519
Deferred	14,857	4,641	24,417	43,915
1987				
Current	\$ 49,282	\$ 16,004	\$ 458,067	\$ 523,353
Deferred	(32,466)	(4,615)	10,076	(27,005)
1986				
Current	\$ (11,858)	\$ 11,885	\$ 425,725	\$ 425,752
Deferred	44,288	1,834	(1,296)	44,826

The Company made income tax payments of approximately \$517 million, \$411 million and \$321 million in 1988, 1987 and 1986, respectively. The entertainment business is included in the Company's consolidated federal income tax return through December 17, 1987. For financial reporting purposes, the 1986 tax benefit for current U.S. taxes results from the adoption of the equity method of accounting for the Company's Entertainment Business Sector and certain accounting reclassifications relating thereto.

A reconciliation of the statutory U.S. federal rates and effective rates is as follows:

Year Ended December 31,	1988	1987	1986
Statutory rate	34.0%	40.0%	46.0%
State income taxes—net of federal benefit	.8	.5	.5
Earnings in jurisdictions taxed at rates different from the U.S. federal rate	(.8)	(3.7)	(4.5)
Transactions taxed at capital gain rates	—	—	(4.3)
Equity income	(1.0)	(3.2)	(5.0)
Other—net	1.0	1.5	.8
	<u>34.0%</u>	<u>35.1%</u>	<u>33.5%</u>

Deferred taxes are provided principally for depreciation, certain employment-related expenses and certain capital transactions which are recognized in different years for

financial statement and income tax purposes. The Company has manufacturing facilities in Puerto Rico that operate under a Puerto Rican tax exemption that expires in 1995.

Appropriate U.S. and foreign income taxes have been provided for earnings of subsidiary companies that are expected to be remitted to the parent company in the near future. Accumulated unremitted earnings of foreign subsidiaries that are expected to be required for use in the foreign operations were approximately \$84 million at December 31, 1988, exclusive of amounts, which if remitted, would result in little or no tax.

13. Acquisitions and Divestitures. In August 1988, the Company acquired the citrus foodservice assets of H.P. Hood Inc. for approximately \$45 million.

In January 1988, the Company purchased The Coca-Cola Bottling Company of Memphis, Tenn. (Memphis CCBC) and subsequently sold Memphis CCBC and substantially all of the bottling operations of The Coca-Cola Bottling Company of Southern Florida, Inc. (Miami CCBC) to Coca-Cola Enterprises Inc. for approximately \$500 million in cash plus the assumption of indebtedness, the total of which approximated the Company's carrying value. In December 1986, the Company acquired Miami CCBC for approximately \$325 million less assumed debt and Coca-Cola bottling companies affiliated with Mr. Crawford Rainwater, Jr. (Rainwater Bottlers) for approximately \$211 million less assumed debt. In July 1987, the Company sold a significant portion of the Rainwater Bottlers to Coca-Cola Enterprises Inc. for approximately \$174 million. The remaining operations of Rainwater Bottlers were sold in August 1987 for approximately \$40 million. The total proceeds from these sales approximated the Company's carrying value.

14. Provisions for Restructured Operations and Disinvestment. In 1987, the Company recorded a \$36 million charge related to restructuring activities in its Foods Business Sector. This charge relates to transitional matters associated with the change in industry environment and a revised operating strategy concurrent with a change in senior management.

In the fourth quarter of 1986, the Company recorded provisions against earnings for restructured operations and disinvestment aggregating \$180 million. These provisions included \$135 million related principally to the revaluation of certain assets and the estimated cost of closing various production facilities as a result of changes in the conduct of the Company's U.S. soft drink business. The remaining \$45 million related to the Company's disinvestment from South Africa.

Notes to Consolidated Financial Statements

15. Lines of Business. Information concerning operations in different lines of business at December 31, 1988, 1987 and 1986 and for the years then ended is presented below (in millions). The Company operates principally in the soft drink

industry. Citrus, fruit drinks, coffee and other products are included in the Foods Business Sector. Intercompany transfers between sectors are not material.

1988	Soft Drinks		Foods	Corporate	Consolidated
	USA	International			
Net Operating Revenues	\$2,284.4	\$4,503.8	\$1,512.1	\$ 37.5	\$8,337.8
Operating Income	351.9	1,338.8	89.3	(181.7)	1,598.3
Identifiable Operating Assets	1,711.9	2,097.1	694.1	1,035.5(a)	5,538.6
Equity Income				48.3	48.3
Investments in Affiliates				1,912.0(b)	1,912.0
Capital Expenditures	80.2	159.2	82.0	65.4	386.8
Depreciation and Amortization	66.9	42.8	32.0	28.1	169.8

1987	Soft Drinks		Foods	Corporate	Consolidated
	USA	International			
Net Operating Revenues	\$2,120.1	\$4,109.2	\$1,414.3	\$ 14.7	\$7,658.3
Operating Income	323.6	1,108.9	66.6(c)	(175.3)	1,323.8
Identifiable Operating Assets	2,047.4	2,126.7	627.3	1,586.0(a)	6,387.4
Equity Income				113.2	113.2
Investments in Affiliates				2,218.1(b)	2,218.1
Capital Expenditures	78.0	92.3	55.4	77.8	303.5
Depreciation and Amortization	60.3	43.0	28.9	22.3	154.5

1986	Soft Drinks		Foods	Corporate	Consolidated
	USA	International			
Net Operating Revenues	\$2,016.3	\$3,628.6	\$1,319.8	\$ 11.9	\$6,976.6
Operating Income	158.3(d)	843.0(e)	120.3	(224.5)	897.1
Identifiable Operating Assets	1,424.6	1,862.4	593.1	1,389.7(a)	5,269.8
Equity Income				151.6	151.6
Investments in Affiliates				2,405.4(b)	2,405.4
Capital Expenditures	73.7	102.3	71.8	98.0	345.8
Depreciation and Amortization	60.8	48.5	26.5	19.6	155.4

(a) General corporate identifiable operating assets are composed principally of marketable securities and fixed assets. (b) Includes investments in soft drink bottling companies and joint ventures and Columbia Pictures Entertainment, Inc. (c) Includes provisions for restructured operations aggregating \$36 million. (d) Includes provisions for restructured operations aggregating \$135 million. (e) Includes provisions for disinvestment aggregating \$45 million.

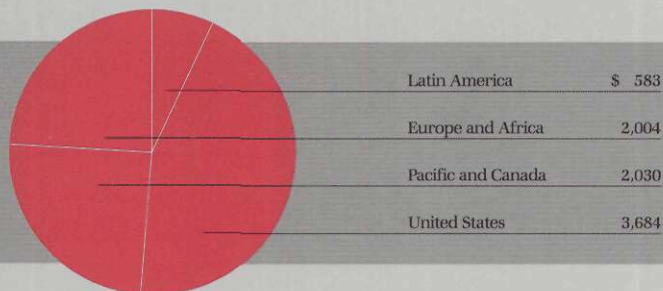
16. Operations in Geographic Areas. Information about the Company's operations in different geographic areas at December 31, 1988, 1987 and 1986 and for the years then

ended is presented below (in millions). Intercompany transfers between geographic areas are not material.

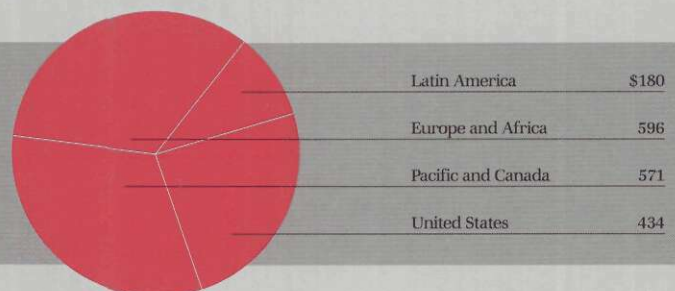
1988	United States	Latin America	Europe and Africa	Pacific and Canada	Corporate	Consolidated
Net Operating Revenues	\$3,683.6	\$583.2	\$2,003.5	\$2,030.0	\$ 37.5	\$8,337.8
Operating Income	433.9	179.5	596.1	570.5	(181.7)	1,598.3
Identifiable Operating Assets	2,353.4	431.8	1,034.2	683.7	1,035.5(a)	5,538.6
Equity Income					48.3	48.3
Investments in Affiliates					1,912.0(b)	1,912.0
1987	United States	Latin America	Europe and Africa	Pacific and Canada	Corporate	Consolidated
Net Operating Revenues	\$3,459.1	\$558.0	\$1,709.5	\$1,917.0	\$ 14.7	\$7,658.3
Operating Income	384.5(c)	153.2	508.1	453.3	(175.3)	1,323.8
Identifiable Operating Assets	2,625.9	368.3	1,040.8	766.4	1,586.0(a)	6,387.4
Equity Income					113.2	113.2
Investments in Affiliates					2,218.1(b)	2,218.1
1986	United States	Latin America	Europe and Africa	Pacific and Canada	Corporate	Consolidated
Net Operating Revenues	\$3,277.9	\$555.5	\$1,628.9	\$1,502.4	\$ 11.9	\$6,976.6
Operating Income	273.8(d)	140.8	354.6(e)	352.4	(224.5)	897.1
Identifiable Operating Assets	1,980.8	383.7	895.4	620.2	1,389.7(a)	5,269.8
Equity Income					151.6	151.6
Investments in Affiliates					2,405.4(b)	2,405.4

Identifiable Liabilities of Operations Outside the United States amounted to approximately \$946.2 million, \$949.6 million and \$813.2 million at December 31, 1988, 1987 and 1986, respectively. (a) General corporate identifiable operating assets are composed principally of marketable securities and fixed assets. (b) Includes investments in soft drink bottling companies and joint ventures and Columbia Pictures Entertainment, Inc. (c) Includes provisions for restructured operations aggregating \$36 million. (d) Includes provisions for restructured operations aggregating \$135 million. (e) Includes provisions for divestment aggregating \$45 million.

Net Operating Revenues (Millions)



Operating Income (Millions)



Board of Directors and Shareholders
The Coca-Cola Company
Atlanta, Georgia

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1988 and 1987, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1988. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1988 and 1987, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1988, in conformity with generally accepted accounting principles.

Ernst & Whinney

Atlanta, Georgia
January 27, 1989

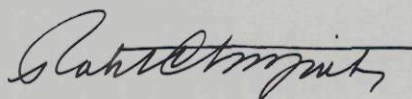
Management is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include some amounts based on management's best judgments and estimates. Financial information in this Annual Report is consistent with that in the financial statements.

Management is responsible for maintaining a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded and reported properly. The internal accounting control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct adopted by the Board of Directors, applicable to all employees of the Company and its subsidiaries. Management believes that the Company's internal accounting controls provide reasonable assurance that assets are safeguarded against material loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements and other data and maintaining accountability for assets.

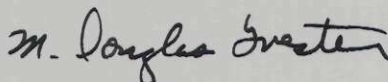
The Audit Committee of the Board of Directors, composed solely of Directors who are not officers of the Company, meets with the independent auditors, management and internal auditors periodically to discuss internal accounting controls, auditing and financial reporting matters. The Committee reviews with the independent auditors the scope and results of the audit effort. The Committee also meets with the independent auditors and

the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Committee.

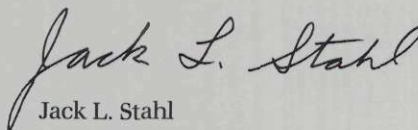
The independent auditors, Ernst & Whinney, are recommended by the Audit Committee of the Board of Directors, selected by the Board of Directors and ratified by the shareholders. Ernst & Whinney is engaged to audit the consolidated financial statements of The Coca-Cola Company and subsidiaries and conduct such tests and related procedures as it deems necessary in conformity with generally accepted auditing standards. The opinion of the independent auditors, based upon their audit of the consolidated financial statements, is contained in this Annual Report.



Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer



M. Douglas Ivester
Senior Vice President
and Chief Financial Officer



Jack L. Stahl
Vice President
and Controller

January 27, 1989

Quarterly Data (Unaudited)
 (For the years ended December 31, 1988 and 1987)

THE COCA-COLA COMPANY AND SUBSIDIARIES

(In millions except per share data)

	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Full Year</i>
1988					
Net Operating Revenues	\$1,869.1	\$2,313.6	\$2,128.3	\$2,026.8	\$8,337.8
Gross Profit	1,007.8	1,292.7	1,221.8	1,114.1	4,636.4
Net Income	210.5	303.1	295.6	235.5	1,044.7
Net Income Available To Common Shareholders	210.5	303.1	294.4	230.3	1,038.3
Net Income Per Common Share	.57	.82	.81	.65	2.85

	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Full Year</i>
1987					
Net Operating Revenues	\$1,547.8	\$2,104.4	\$2,014.4	\$1,991.7	\$7,658.3
Gross Profit	807.7	1,137.2	1,082.0	998.3	4,025.2
Net Income	185.4	266.4	271.4	192.9	916.1
Net Income Available To Common Shareholders	185.4	266.4	271.4	192.9	916.1
Net Income Per Common Share	.49	.70	.72	.52	2.43

The third quarter of 1987 included provisions for restructured operations aggregating \$36 million and a \$40 million gain on sale of stock by T.C.C. Beverages Ltd.

Board of Directors

Herbert A. Allen

*President and
Chief Executive Officer
The investment banking firm
Allen & Company Incorporated*

Anne Cox Chambers

*Chairman
Atlanta Newspapers*

Charles W. Duncan, Jr.

*Chairman of the Board
The private investment firm
Duncan, Cook & Co.*

Richard J. Flamson III

*Chairman, Board of Directors,
and Chief Executive Officer
Security Pacific Corporation
Chairman, Board of Directors
Security Pacific National Bank*

Roberto C. Goizueta

*Chairman, Board of Directors,
and Chief Executive Officer
The Coca-Cola Company*

Donald R. Keough

*President and
Chief Operating Officer
The Coca-Cola Company*

James T. Laney

*President
Emory University*

Donald F. McHenry

*University Research
Professor of Diplomacy
and International Relations
Georgetown University*

Paul F. Orefice

*Chairman of the Board
The Dow Chemical Company*

James D. Robinson, III

*Chairman, Board of Directors,
and Chief Executive Officer
American Express Company*

James M. Sibley

*Partner in the law firm
King & Spalding*

William B. Turner

*Chairman, Executive Committee
of Board of Directors
The diversified company
W. C. Bradley Co.
Chairman, Executive Committee
of Board of Directors
CB&T Bancshares, Inc.
Chairman, Board of Directors
Columbus Bank & Trust Company*

Peter V. Ueberroth

*Commissioner
Major League Baseball*

James B. Williams

*Vice Chairman, Board of Directors
SunTrust Banks, Inc.
President
Trust Company of Georgia
President
Sun Banks, Inc.*

Corporate Officers

Roberto C. Goizueta

*Chairman, Board of Directors,
and Chief Executive Officer*

Donald R. Keough

*President and
Chief Operating Officer*

SENIOR EXECUTIVE

VICE PRESIDENT

Claus M. Halle

EXECUTIVE VICE PRESIDENTS

John W. Georgas

A. Garth Hamby

Ira C. Herbert

SENIOR VICE PRESIDENTS

M. A. Gianturco

John Hunter

E. Neville Isdell

M. Douglas Ivester

Weldon H. Johnson

Robert A. Keller

Earl T. Leonard, Jr.

Alex Malaspina

Edwin R. Mellett

Douglas A. Saarel

R. V. Waltemeyer

Carl Ware

VICE PRESIDENTS

William W. Allison

William R. Buehler

Robert L. Callahan, Jr.

Philip J. Carswell, Jr.

Carlton L. Curtis

William J. Davis

Murray D. Friedman

John J. Gillin

Joseph R. Gladden, Jr.

Robert D. Guy

G. Marc Hamburger

Gary P. Hite

W. Glenn Kernel

Gloria E. Lemos

William H. Lynn

John R. Morrison

Maury C. Roe

Jack L. Stahl

Roy G. Stout

Hugh K. Switzer

Harry E. Teasley, Jr.

M. Douglas Ivester

Chief Financial Officer

Robert A. Keller

General Counsel

Philip J. Carswell, Jr.

Treasurer

Jack L. Stahl

Controller

Susan E. Shaw

Secretary

Executive Officers— Operating Units

NORTH AMERICA SOFT

DRINK BUSINESS SECTOR

Ira C. Herbert

President

INTERNATIONAL SOFT

DRINK BUSINESS SECTOR

Claus M. Halle

President

FOODS BUSINESS SECTOR

Harry E. Teasley, Jr.

President

Shareholder Information

COMMON STOCK

Ticker symbol: KO

Newspaper listing: CocaCl

The Coca-Cola Company is one of 30 companies in the Dow Jones Industrial Average.

Common stock of The Coca-Cola Company is listed and traded on the New York Stock Exchange, which is the principal market for the common stock, and also is traded on the Boston, Cincinnati, Midwest, Pacific and Philadelphia stock exchanges. Outside the United States, the Company's common stock is listed and traded on the German exchange in Frankfurt and on Swiss exchanges in Zurich, Geneva, Bern, Basel and Lausanne.

Shareholders of record at year-end: 97,103

Shares outstanding at year-end: 355 million

DIVIDENDS

At its February 1989 meeting, the Company's Board of Directors increased the quarterly dividend to 34 cents per share, equivalent to an annual dividend of \$1.36 per share. The Company has increased dividends each of the last 27 years.

The Coca-Cola Company normally pays dividends four times a year, usually on April 1, July 1, October 1 and December 15. The Company has paid 271 consecutive quarterly dividends, beginning in 1920.

DIVIDEND AND CASH INVESTMENT PLAN

All shareholders of record are invited to participate in the Dividend and Cash Investment Plan. The Plan provides a convenient, economical and systematic method of acquiring additional shares of the Company's common stock. The Plan permits shareholders of record to reinvest dividends from Company stock in shares of The Coca-Cola Company. Shareholders also may purchase Company stock through voluntary cash investments of up to \$60,000 per year.

All costs and commissions associated with joining and participating in the Plan are paid by the Company.

The Plan's administrator, Morgan Shareholder Services Trust Company, purchases stock for voluntary cash investments on or about the first of each month, and for dividend reinvestment on April 1, July 1, October 1 and December 15.

At year-end, 25 percent of shareholders of record were participants in the Plan. In 1988, shareholders invested \$7 million in dividends and \$3.8 million in cash in the Plan.

STOCK PRICES

Below are the New York Stock Exchange high, low and closing prices of The Coca-Cola Company stock for each quarter of 1988 and 1987.

Quarter	1988 High	Low	Close
Fourth	45.25	40.88	44.63
Third	44.38	36.25	43.75
Second	40.13	35.00	39.00
First	40.50	35.00	38.25
Quarter	1987 High	Low	Close
Fourth	49.75	29.00	38.13
Third	53.13	42.88	48.38
Second	47.00	38.13	44.50
First	49.00	37.75	45.75

ANNUAL MEETING OF SHAREHOLDERS

April 19, 1989, at 9:00 a.m., local time

The Corporation Trust Company

1209 Orange Street

Wilmington, Delaware

PUBLICATIONS

The Company's annual report on *Form 10-K* and quarterly report on *Form 10-Q* are available free of charge from the Office of the Secretary, The Coca-Cola Company, P.O. Drawer 1734, Atlanta, Georgia 30301.

A *Notice of Annual Meeting of Shareholders* and *Proxy Statement* are furnished to shareholders in advance of the annual meeting. *Progress Reports*, containing financial results and other information, are distributed quarterly to shareholders.

Also available from the Office of the Secretary are *A Profile of The Coca-Cola Company in 1990*, *The Chronicle of Coca-Cola Since 1886* and other booklets about the Company and its products.

EQUAL OPPORTUNITY POLICY

The Coca-Cola Company maintains a long-standing commitment to equal opportunity and affirmative action. The Company strives to create a working environment free of discrimination and harassment with respect to race, sex, color, national origin, religion, age, handicap, or being a veteran of the Vietnam era, as well as to make reasonable accommodations in the employment of qualified individuals with disabilities. The Company continued to increase the minority and female representation in 1988. In addition, the Company provides fair marketing opportunities to all suppliers and maintains programs to increase transactions with firms that are owned and operated by minorities and women.

CORPORATE OFFICES

The Coca-Cola Company
One Coca-Cola Plaza, N.W.
Atlanta, Georgia 30313
(404) 676-2121

MAILING ADDRESS

The Coca-Cola Company
P.O. Drawer 1734
Atlanta, Georgia 30301

SHAREHOLDER ACCOUNT ASSISTANCE

For address changes, dividend checks, account consolidation, registration changes, lost stock certificates, stock holdings and the Dividend and Cash Investment Plan:

Registrar and Transfer Agent
Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015
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